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East Europe Report

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EAST EUROPE REPORT

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POLITICS

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CEMA UTILIZES NEW TECHNOLOGY, LOCAL RESOURCES FOR PRODUCTION

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 34 No 6, Jun 86 pp 801-813

[Article by Heidel Waltraut, Dr of Political Science, certified economist, born 1937, scientific assistant with the Central Institute for Economics, GDR Academy of Sciences; and by Prof Wolfgang Marschall, Dr of Economics, certified lecturer, certified industrial economist, born 1937, research group director with the same institute. Original title: "On Some Qualitative Interrelations of Science and Production Illustrated by the Example of Microelectronics"]

[Text] Summary

The new stage in the realization of the economic strategy is very closely connected with the comprehensive utilization and economic exploitation of new scientific-technological results with the least possible delay. Today the realization of this strategic aim is mainly a question of explaining and systematically controlling key technologies (and their economic effects on the structure and effectiveness of the reproduction process) and the interpenetration of science and production. The article deals with principal aspects of opening up the efficiency potential of microelectronics and of the new type of technology based on it. In this connection, increasingly important questions concerning intensification of intra-CEMA division of labor are linked with present-day tasks of structural development along national lines.

The new stage in the implementation of the new economic strategy is closely connected with the comprehensive utilization and speedy economic application of new scientific-technological findings. In his report to the 10th session of the SED Central Committee, Erich Honecker pointed out that the economic dynamics will increasingly be fueled by the scientific-technical revolution. "What is needed here is organic integration of science and production, their deep interpenetration." (Footnote 1: E. Honecker, "Comments on the Preparations for the 11th SED Congress," in: "10. Tagung des Zentralkomitees der SED" [Tenth Session of the SED Central Committee], Berlin, 1985, p 31.) In this respect, it is imperative that microelectronics, the advanced computer technology based on it, automated design and production preparation, automated production systems, new processing technologies, and new materials be quickly integrated into the entire reproduction process. The available capacities

must be concentrated "on speedy renovation of production, improvement of efficiency and quality, and comprehensive intensification." (Footnote 2: G. Mittag, "Prepare for the 11th Party Congress Through Top Performance," EINHEIT No 6, 1985, p 491.)

Some Trends and Qualitative Changes in the Interrelations of Science and Production

Regarding the integration of science and technology into the entire reproduction process, of great importance are those fields of human activity that give a strong impulse to the qualitative development of the reproduction process and that show a high degree of developmental dynamics. "In many production sectors, the accelerating process of scientific discovery has led to momentous technological upheavals inconceivable just a few years ago.." (Footnote 3: K. Hager, "The Unity of Science, Education and Culture," EINHEIT No 11, 1984, p 981.) Basic and applied research, product development, and process engineering are becoming increasingly important for technological progress in production. The developmental impulse provided by microelectronics has been especially strong in science, education, design, technology and the expanding production of rationalization equipment.

To a large extent, the dynamics of transition to comprehensive intensification of reproduction depend "on the degree of productivity attained--that is to say that a part of the production time is sufficient for actual production, that an increasingly large part is used for producing the means of production." (Footnote 4: K. Marx, "Grundrisse der Kritik der politischen Oekonomie" [Outlines of a Critique of Political Economics], Berlin, 1953, pp 594 ff.) Today, however, such means of production are no longer just production equipment in the traditional sense, i.e. equipment such as is used in the production process proper. They also comprise means that are used in production preparation and in processes accompanying production and that have a decisive effect on efficiency. For quick and efficient execution of the preliminary work, advanced equipment is indispensable. Electron microscopy, ultra-high vacuum engineering, digital measurement technology and other technologies have become workaday tools. Computer-aided systems of product development (CAD systems) exert increasing influence on technological progress.

In conjunction with this developmment, research- and skill-intensive input (expenditures on training and on science and technology; technology-intensive investments) is increasing. "The situation concerning matters of science is identical with that pertaining to natural forces. Once discovered, the law of deflection of the magnetic needle in an electric field does not cost anything. But to exploit this law for telegraphy, etc., one needs very expensive and complex equipment." (Footnote 5: K. Marx and F. Engels, "Werke" [Works], Vol 23, Berlin, 1956, pp 407 ff.) A high degree of concentration in research, development and technology is required to accelerate the processes and to use the savings realized for new, efficient production. Changes in the priorities concerning investments and assignment of labor and new requirements (such as those pertaining to multilevel utilization of technology, total utilization of

technological capacities, technological discipline, and improvement of the applicability of the results obtained) are directly connected with this development.

Aside from the interplay of production, the various task complexes of production preparation, and the nonproductive sectors, the relations between producers and users of new products and services are assuming increasing importance. The "production-oriented valuation of structural changes--which still is justified and for which there is no substitute--must be complemented by need-oriented valuation" of structural changes. (Footnote 6: W. Heinrichs, "Theoretical Problems Concerning the Structural Changes in Intensively Expanded Socialist Reproduction," WIRTSCHAFTSWISSENSCHAFT No 2, 1981, p 137.) Since new product generations are being introduced at an ever-increasing rate, the products and services produced are quickly becoming obsolete.

Today the productive and reproductive utilization of scientific-technical progress affects all areas, types and results of the social reproduction process. Accordingly, as reproduction is intensified, scientific-technical progress produces the following results:

--Economy of living and materialized labor and thus better results in regard to cost reduction per use-value unit;

--the input elements saved are reutilized (in accordance with new scientific findings) in areas of above-average productivity such as construction of rationalization equipment, development of computer-aided design, development and production systems, or production of high-grade consumer products;

--structural changes resulting from product and process innovation curb production of material-intensive, marginally refined goods;

--the processes of economizing on and reutilizing productive forces are put on a stable, reproducible foundation so as to continuously and flexibly adapt the economic structures to the new economic possibilities and requirements.

The above-described qualitative changes, which are presently taking place in production-preparatory work such as research, development, planning, design, technology and also in production proper, represent basic elements of advancing socialization. They are the key developmental factors underlying a novel type of national and international division of labor. A distinguishing characteristic of this development is the high degree of complexity in regard to economic interdependence. Organizational integration of the entire chain of vertical cooperation--from research to marketing, from suppliers to users, in exports as well as in the domestic market--presupposes systematic coordination of the interconnected branches and of important technological, organizational and structural work. The objective is uniformity of system-based solutions, implementation of the module system, and establishment of universally accepted quality standards and tolerance thresholds. Nationally and internationally, the structural aspects are marked by increasing interconnection of material products and conceptional findings (results).

A novel type of interaction of material and intellectual production is developing in the field of international specialization and cooperation. Research cooperation is assuming growing importance and it is becoming increasingly urgent to put the international cooperation in this field on a sound financial and material-technical basis. Within the framework of specialization and cooperation, the significance of concentration is undergoing changes. In consequence of the high level of advance training and research, it has become increasingly urgent to "concentrate the research and production capacities so as to control the main trends of scientific-technical progress on the basis of new lines of scientific-technical development." (Footnote 7: H. Andermann et al., "Integration of Socialist International Scientific-Technical Cooperation and International Production Specialization and Cooperation in Combine Management," WIRTSCHAFTSWISSENSCHAFT No 8, 1985, p 1145.)

Adopting the complex program for scientific-technical progress of the CEMA countries up to the year 2000, the 41st (Extraordinary) CEMA Conference initiated a new, higher stage in the development and implementation of a coordinated scientific-technical policy. The complex program defines the priority areas whose "speedy development is crucially important in regard to intensification of the national economy as a whole, attainment of maximum results along the entire front of scientific-technical progress, and entry into the new technological era of the 21st century." (Footnote 8: "Complex Program for Scientific-Technical Progress of the CEMA Countries up to the Year 2000," EINHEIT No 2, 1986, p 170.) The objective is jointly to solve the big economic problems that concern each of the fraternal countries and jointly to establish ways of direct cooperation in science, technology, production and investment. It is above all through coordination of economic policy in strategically important fields of scientific-technical progress, procurement of the requisite resources, intensification, and providing the population with high-grade consumer goods and services that the basic conditions are created for mobilizing the countries' capacities and intensifying their cooperation.

The CEMA countries have agreed to take coordinated steps toward creation and utilization of basically new technologies through concentration of their forces and close, complex cooperation in the following five key areas:

--Large-scale introduction of electronics into the national economy;

--complex automation;

--nuclear energetics;

--new materials and pertinent production and processing technologies;

--biotechnology. (Footnote 9: Ibid., p 167.)

Microelectronics and a New Type of Technology--Model of Qualitative Changes in the Interrelations of Science and Production

One of the most important trends in regard to the present "organic integration of science and production" is the development of a new type of technology that

is based on microelectronics. (Footnote 10: See "Schluesseltechnologie Mikroelektronik" [Microelectronics--Key Technology], Berlin, 1985. W. Huebner et al., "Microelectronics--Development of a New Technology and Comprehensive Intensification," WIRTSCHAFTSWISSENSCHAFT No 7, 1984, pp 983 ff.) Information processing and automation, which are increasingly affecting all aspects of the reproduction process and which are characterized by increasing complexity, flexibility and universality, are the most important characteristic of this new type of technology. A second characteristic is the systematic development of new (e.g. biotechnological) processes and also the total utilization of the production potential of existing (e.g. mechanical or chemical) processes. This new type of technology thus is a key factor in regard to dynamic development of the productive forces and a prerequisite for high rates of increase in efficiency. At the same time, it helps establish basically new principles concerning structural organization of the social reproduction process. The most important of these principles are the following:

a) The shifting of functions concerning execution of work processes from all areas to the specialized production of tools and machinery for automated processes. Control devices, data collecting systems, regulating units, sensors and timing devices are some of the essential elements found in all automated tools and machinery--elements that help to free man from the work process proper. It is essential that high-level information technology (which includes fields such as microelectronics, optoelectronics, telecommunications and data processing) be incorporated--as a qualitatively novel element--into the reproduction process;

b) the shifting of functions from production to production preparation, above all to research, development and software production. It happens more and more frequently--especially in automated production systems--that the theoretical conception determines the efficiency of future production or of work in the nonproductive sectors. Accordingly, further development of the research, development and software capacities is assuming increasing importance. It is necessary to keep increasing the input of social labor in these areas so as to ensure high rates of efficiency increase on a long-term basis;

c) the possibility--created by microelectronics--to employ information technology also in nonproductive sectors and outside material production proper. In the last few decades, there has been increasing mechanization and partial automation of the main production processes. In the auxiliary and secondary production processes, in production preparation, and in the management and planning process, fewer means of work have been used; at the same time, these processes have been assuming increasing importance in regard to improvement of efficiency. Only through microelectronics was it possible to accomplish many tasks in these fields by technical means and thus to meet the increased demands without tying down additional manpower. It is safe to assume that in future these fields will require less manpower, but more fixed assets (office computers, copying and printing machines, communication, transport and storage technology). A key factor in this respect is production preparation, a field where it is possible--by means of computer-aided work stations for design engineers and process planners--to attain significant rates of efficiency increase; the objective here is speedy introduction and

efficient production of new product generations. (Footnote 11: See P. Krejcik et al., "Results and Tasks in Regard to Improvement of Efficiency in Flexible Automation," WIRTSCHAFTSWISSENSCHAFT No 4, 1985, pp 481 ff.) In the nonproductive sectors, above all the field of public health, modern electronic technologies are creating the conditions necessary for increasing performance. In the field of education, increased employment of teaching computers helps prepare workers of all qualification levels for efficient utilization of modern electronic equipment.

d) the increasing importance of scientific-technical and productive capacities for the production of consumer goods. Microelectronics and the new type of technology based on it are giving strong quantitative and qualitative impulses to consumer goods production, not only because it now is possible to produce new, attractive consumer goods at relatively low cost, but also because of the increasing reproductive effect of 'consumption. "Intensification of production entails intensification of consumption--a process possibly involving a time lag, but not dimished interdependence; conversely, development of consumption ... gives ever new impulses to production intensification and keeps the intensification reserves from getting spent exclusively on production." (Footnote 12: W. Heinrichs and G. Knobloch, "Consumer Goods Production and Transition to Intensively Expanded Reproduction--Theoretical Problems," WIRTSCHAFTSWISSENSCHAFT No 7, 1983, p 966.)

The above-described trends in regard to the shifting of functions of living labor to machines and, generally, production of a greater variety of machinery for all phases of the reproduction process are bringing on lasting structural changes. Most important in this regard are the equipment-producing industries, i.e. above all the machine and installation building industries and electrical engineering/electronics. In conjunction with this development, there are taking place structural shifts and changes in regard to energy use. These changes can be reduced to three basic trends:

First: Material consumption per product unit is reduced in those areas of the reproduction process where traditional means are replaced by an advanced technology that is based on microelectronics and characterized by continual miniaturization. Application of this miniaturized technology requires less energy input; consequently, material and enery requirements per production unit are markedly reduced.

Second: On account of the large-scale employment of new types of equipment, material requirements for the development of the material-technical basis are increasing in certain areas. This applies to projects such as setting up office computers and advanced copying and telecommunications systems or installing industrial robots, computerized controls for conventional machine tools, and modern storage and transport systems for integrated production units. As the universality and the complexity of the material-technical basis are increasing, so are the energy requirements. The better the results in regard to restricting the material input per product unit and the energy requirements per equipment unit through efficiency improvement, the greater

are the developmental possibilities in regard to application of the new technology for the qualitative and quantitative development of the material-technical basis.

Third: Regarding the energy and material input structure of the national economy, material requirements are shifting to new, highly refined and very pure materials and auxiliary materials with well-defined properties. Consequently, material requirements are reduced. In telecommunications, for example, the glass fiber cable is gaining on the traditional copper cable. These changes in the material input structure contribute to the relative reduction in total material requirements which is accompanied by a marked decrease in energy demand.

On account of the material- and energy-saving effect of scientific-material progress, the material and energy requirements of the national economy will be rising more slowly than the national income. Accordingly, indicators of economic development such as energy, steel, cement, and sulfuric acid production will be losing in importance. These indicators played an important role in extensively expanded reproduction. With transition to intensively expanded reproduction, the focus is on new criteria, e.g. use of microelectronic components which aims to cut the high material and energy input and to make material and energy economy a key element in the drive toward improved economic efficiency. Another new element is the employment of biocatalysts, by means of which it is possible to open up production resources, turn out new, highly refined products and efficiently recycle waste products.

Basic Trends in Integration of Science and Production Illustrated by the Example of Microelectronics and of the New Type of Technology

Organic integration of the achievements of scientific-technological progress into the present reproduction process is a complex process, proper control of which has a pronounced effect on efficiency dynamics. An essential prerequisite for this is even more effective development of the rationalization equipment industry on the basis of total utilization of the technological principle applied; in addition, organizational changes must be made in the actual process. Unfortunately, the efficiency increase attainable is limited by the developmental level of the technology employed. The possible extent of efficiency improvement greatly increases with application of new scientific-technological results in the reproduction process. The objective is by means of new production methods, effciency measures, technologies, and mechanization and automation projects to put the reproduction process on a higher technical-economic level so as to ensure long-term social progress. The chain of scientific-technical, economic and social progress, including its complex ramifications and repercussions, is based above all on the recurrent remolding of scientific-technological capacities and of the material-technical basis. In the long term as well, process and product innovations extend the possibilities concerning efficiency improvement.

This leads to the following conclusions: Firstly, the new, microelectronics-based technology--the main elements of which are structural components, computing machinery, and automation technology--must gradually be introduced

into all areas of the social reproduction process. The availability of these elements and their proper incorporation into the reproduction process determine the necessary changes in the material-technical basis. Secondly, it is necessary to economize on all types of input required for producing and using the elements of the new type of technology. In producing and employing the new technology, the goal is consistently to bring into play its scientifically and technologically controllable performance parameters so as to effect--with minimal input of living labor, material, energy, and fixed assets--the maximum degree of demand satisfaction and/or high export returns. Another important aspect of introduction of the new type of technology are the complex changes in input, product and production structures--changes that have to be effected dynamically over an extended period.

Incorporation of microelectronics and of the new technology based on it requires more than production of components, new computers, information processing and transmitting systems, and means of automation (industrial robots, control systems, etc.) While these key elements of the new technology are certainly very important, they are only the "tip of the iceberg," as it were. Another crucial prerequisite is a broad range of novel materials and equipment distinguished by an inherently higher level of technological control. Penetration into the submicrometric sphere, attainment of switching intervals measured in nanoseconds, mastery of maximum purity levels and of a high degree of specificity in regard to the material quality desired (e.g. well-defined electric conductivity of a certain material)--these aspects, too, are characteristic of the new type of technology.

Remarkably, these qualitatively new technology elements in their turn require specific equipment to ensure reproducibility, i.e. to ensure, for example, that one can always obtain the conductivity desired or the degree of quality necessary. Measuring, analysis, sensor and vacuum engineering are examples of universal technological elements. They are a basic prerequisite for production and utilization of microelectronic components. But they also make possible intensified development of other lines of scientific-technical progress such as biotechnology, nuclear energetics, and chemical processing. In this connection, one should point out that microelectronics greatly contributes to the development and production of the new technological elements. Modern measuring devices are based on highly advanced electronics. Thus, while microelectronics produces new technologies, it also determines their application. The quick succession of new product generations in electronics thus gives a significant developmental impulse to the entire system of productive forces. Strictly speaking, what has to be done is to reequip all sectors of the national economy on the basis of the latest scientific-technological findings.

The penetration of microelectronics into the material-technical basis is taking place via four processes that have a strong effect on international interdependence:

First: Creation of new scientific-technological capacities. Both for basic and applied research and for product and process development, highly advanced instruments, laboratory equipment, etc. are indispensable, if the preparatory work is to be accomplished speedily and efficiently. The structural changes

involved make heavy demands on labor, e.g. in regard to multishift utilization of the new technology, total exploitation of the technological capacities, and technological discipline. Regarding their cooperation and international specialization, the CEMA countries therefore have to

a) produce all-purpose equipment at an economically advantageous level of production concentration and establish an efficient relation between national production concentration and socialist international production specialization as a key prerequisite for the remolding of branch structures and product assortments;

b) effectively utilize--by means of labor-sharing concentration on specific problems--the knowledge and experience gained by the CEMA countries' scientists, thereby accelerate the total process, and--in so doing--avoid duplication of effort.

Successful cooperation in scientific research presupposes still more consistent coordination of scientific-technical policy in the CEMA countries. Only within a framework of coordinated systems will it be possible to solve specific research and developoment problems so as to ensure compatibility of the individual results and speedily and economically improve the total system. Uniformity in regard to components, systems approaches (e.g. ways of arrangement of computers or control setups), and implementation of the module principle are key prerequisites for extensive product compatibility, universally accepted quality standards and tolerance thresholds, and acceleration; in view of the high level of developmental dynamics in the international arena, acceleration is as important as good qualitative results. Experience has shown that substantial reserves can be tapped in this field.

Second: On the present material-technical basis, it is necessary to produce novel capital goods to provide the requisite material means for implementing the new scientific-technological solution. This can be accomplished by production of rationalization equipment and by workshop and craftsmen's production. A typical example of this is the construction of industrial robots in the GDR; during the 1981/85 five-year plan period, this project was largely implemented by means of "independent construction of rationalization equipment" in those enterprises and combines that were to use the robots. "To consolidate the material-technical basis, ... it is necessary to fall back as much as possible on the combines' independent construction of rationalization equipment." (Footnote 13: "Tenth Session of the SED Central Committee," op. cit., p 35.)

In the spectrum of novel means of production, research equipment is becoming increasingly important. While part of this type of equipment is produced by the physical production sector, most of it is turned out in the research sector; above all, this applies to special-purpose equipment that itself is a result of research. Characteristically, a large number of scientists are engaged in adapting commercial equipment to the specific requirements of a particular research process.

Regarding the production of microelectronic components, a broad assortment of processing materials of the highest quality is required; frequently, only very small quantities are needed. Consequently, many enterprises and combines in the chemical, metallurgical, glass, and ceramics industries presently have to divert from their mass production a small part--frequently less than 1 percent--and expend on it a lot of research work, in order to provide the electronics industry with special materials. While the benefit for the enterprise seems to be small, the national economy benefits greatly.

Aside from certain conclusions--to be considered further--concerning assessment of enterprise performance, one thus can safely say that effective international division of labor within CEMA is assuming increasing significance. In this connection, the general agreements concerning microprocessor engineering, robotics, flexible automation, the agreement on cooperation and specialization concerning microelectronic components for computing equipment, and many other government agreements and ministerial arrangements, above all with the USSR, have a strong effect on the pace and effectiveness of the employment and economic application of microelectronics in the CEMA countries. For meeting the novel requirements concerning intra-CEMA cooperation, the following points are of crucial importance:

Coordination and specialization in regard to production of very pure materials should be developed further so as to eliminate inefficient production of small quantities and to produce on a larger scale. It will be possible to concentrate production of special materials in places that owing to traditional production centers, natural resources, or other factors offer the most favorable conditions. Effective and efficient division of labor thus greatly helps--through a continuous supply of high-quality materials--to increase the output of components and to eliminate output fluctuations caused by irregular material supply.

In regard to establishment of a sound material basis for electronics, an increasingly important factor are the various processes of material substitution, e.g. substitution for precious metals, introduction of ceramic materials and of new semiconductor materials that--along with silicon--are becoming more and more important for certain types of components. By itself, no country can accomplish all these tasks. It is through mutually beneficial cooperation within CEMA, above all with the USSR and the CSSR, that good scientific-technological results are obtained in regard to improvement of the material basis for electronics.

The labor-dividing production of new means of work aims speedily to create new equipment generations in the fields of information and process engineering, software, data collection, and for new data transmission systems; in this connection, it will also be necessary to produce--within the framework of coordinated equipment systems--multipurpose sub-assemblies. As division of labor grows more complex, the advantages of specialized production come into play more effectively. Of special importance in this regard is the joint reconstruction and modernization of existing plants and production sectors that turn out technologically identical or similar products.

Another goal of international specialization and cooperation is to coordinate still more effectively the development and production of multipurpose subassemblies, components, software, and data collection and processing equipment; the coordination efforts should also include licenses, organizational equipment, and advanced know-how. In connection with these coordinated efforts, top quality and performance must be ensured by means of uniform standards and progressive standardization of the technical basis. In this regard, it should be noted that these standards have to be brought into line with highly dynamic international trends of technical development so as to make exports of electronic products competitive also in countries outside CEMA.

Third: Microelectronics necessitates streamlining of the qualitatively novel material-technical basis. Whereas in regard to creation of new scientific-technological capacities and production of novel equipment and machinery within the framework of the available material-technical means the objective was to establish the basic conditions for creating and applying a new type of technology, i.e. for creating prototypes, it now is necessary to make the qualitatively new element a constituent part of the material-technical basis. It is no longer just a matter of producing and using novel equipment; rather, the goal in regard to production and utilization of the new technology is to attain as high an efficiency level as possible, a level sufficient for improving the efficiency of the entire reproduction process. The structural change of the material-technical basis is based on the introduction of basically new elements, balanced elimination of obsolete elements, modernization of existing elements and proper combination of these elements with the most advanced equipment, e.g. industrial robots or control systems.

As a result of the resolutions of the 10th SED Congress, by late 1985 the GDR employed 57,000 industrial robots. Thus a big step was made toward raising the level of production automation; very important in this respect were the advances in automation in new production sectors and the introduction of complex and flexible automation systems. But not until the next five-year plan periods, when second- and third-generation robots will be available, will these new elements of the material-technical basis become an integral part of this basis. Regarding international trends, it is assumed that approximately 30 percent of all work stations in industry can be converted so as to allow employment of industrial robots. Obviously, such a radical change in the labor-sharing interaction of man and machine can be implemented only gradually; the first positive results in the total process create the conditions necessary for initiating further steps. The present economy effects produced by the employment of robots (or other automated equipment) are necessary for the development, production and large-scale application of still more advanced industrial robots in complex, flexible production systems in the 1986/90 five-year plan period and in the 1990's.

Development of the qualitatively new material-technical basis also includes creation of capacities by which it is possible efficiently to meet--in addition to domestic economic demand for certain products that qualitatively and quantitatively come up to international standards--the demand of other countries or of individual combines or production associations in other countries. Thus, domestic development of certain structural elements may not

be necessary, since the respective products can be obtained through mutually advantageous exchange. In this way, it becomes possible to attain optimal production levels, produce larger series, and reduce the specific expenditures on research, development and production. It is necessary to coordinate even more effectively the national structures and their complementarity within CEMA. The most important objectives are the following:

a) Efficient production capacities that are capable of meeting both domestic demand and the demand of foreign partners;

b) flexibly automated production plants (if objectively justified) and availability of a balanced range of software for the production of a variety of assortments. This presupposes good market research and it calls for continuous feedback--from determination of market requirements to production. In exports in particular, demand must become the determining factor in regard to detailed establishment of production assortments;

c) detailed international specialization agreements on what capacities must not be developed domestically and what products can be obtained from cooperation partners on a regular basis. In this connection, it is increasingly important to establish delivery terms guaranteeing all cooperation partners a steady supply of products that meet current international standards.

Fourth: In conjunction with structural improvement of the material-technical basis, it is necessary to rebuild the production structure. Since it is implemented already in the framework of the traditional material-technical basis, the production of production equipment at first precedes the remolding of the material-technical basis. As a qualitatively new basis develops, the production structure is given new impulses; new means of production and consumption are produced on a large scale. They complement or penetrate the existing structures and bring about substitution arrangements. Structural changes within the material-technical basis are the key element in the complex of structural changes that results from basic processes and lines of development of scientific-technological progress. Changes in the production structure are the factor determining translation of the new technology's greater efficiency potential into real economic efficiency and long-term social effects.

The present level of socialist international cooperation and specialization and the necessity and possibility of its further intensification and expansion are important factors in regard to the systematic development of new production structures in the CEMA countries. The continuous remolding of the production structures, which aims to attain maximum production efficiency and demand satisfaction, must be oriented toward the specific requirements existing or arising in the CEMA countries. It is necessary to ensure technical-technological reequipment and the reconstruction and modernization of the material-technical basis in the individual countries and to bring the production structure to bear on the material-technical basis. Consequently, it is increasingly important speedily to expand production of all elements of the new technology, including applicable software. It is especially the products of the electronics and machine building industries that determine the

productivity of the material-technical basis in the coming reproduction periods and thus the dynamics and effectiveness of economic development in the socialist community of states.

In this process, it is not only necessary to control the new type of production and to implement it on a sufficiently large scale. In the most advanced product generations, the crucial factors are quality and reliability. More than ever, it is quality that determines marketability, the proceeds realizable, the demand satisfaction attainable, and thus, ultimately, the viability of stable international labor-sharing relations. At the same time, it has become more difficult (what with the high level of developmental dynamics and complexity of modern electronics production) reliably to meet the requisite quality standards.

These interrelations demonstrate that it is crucially important to make every effort--both in terms of science and technology and in terms of organization and management--to improve efficiency on the basis of the results of scientific-technological progress and, to this end, fully to utilize--as a key element--the internationally coordinated structural development.

Like microelectronics, other key areas of scientific-technological progress such as biotechnology and nuclear engineering are calling for intensification of the international division of labor. In many cases, it turned out that the CEMA countries linked by a labor-dividing network made the greatest production advances whenever important steps toward implementation of main trends of scientific-technological progress were made at approximately the same time and the same rate. The harmony of national interests thus attained is a solid basis for the coordination of scientific-technological development; it also helps the CEMA countries to concentrate their economic potential, enabling them to meet the challenges of scientific-technological progress and thus increasingly to influence global development. In this way, they will also be able to thwart embargo plans and economic blackmail attempts of imperialist governments.

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CSO: 2300/39

DOCUMENT PERMITS RAPID S&T APPLICATION IN PRODUCTION SECTOR

Market-Oriented Flexibility

East Berlin PRESSE-INFORMATIONEN in German No 117 8 Oct 86 pp 4-5

[Article by Dr Arno Bernwald, Research Office of the Ministry for Science and Technology: "Extension Certificate (Erneuerungspass)--A Management Document for High Research and Technology Efficiency"]

[Text] Resolutely carrying on the united economic and social policies, as decided on at the 11th SED Congress, demands extracting maximum economic effectiveness from science and technology while broadly and efficiently using for it the key technologies, in particular.

These higher demands are served by the "Decree on the Extension Certificate and the Tasking Workbook." It takes effect on 1 January 1987 (GBL Part I No 3 of 8 October 1986). The decree is aimed at turning the renewal process of production, through streamlined and complex management, into maximum economic productivity. Based on the tried and tested work done with the tasking workbooks and on the experiences gained, another important step is taken with this upgrading permit for products, procedures, and technologies to link research and technology still more closely with the entire reproduction cycle.

In the unity of economic and scientific-technological objectives for R&D and the economic utilization by production and sales, the extension certificate serves the general directors as a viable management tool that takes account of the combines' grown economic responsibility. The extension certificate contains the general director's mission to prepare the tasking workbooks, effective overall accounting, summarized evidence for the objectives of the tasking workbooks, and the utilization concept for the economic use made of the results through production and sales. That combines these tasks in a uniform document that embraces the entire reproduction process, and the reciprocal dependency of all its parts is controllably and accountably established. At once it also includes essential steps toward the rationalization of management activity.

The centerpiece of this upgrading permit resolutely and consistently pertains to high scientific and technological productivity from research to sales. That relates in particular to the performance and efficiency development to be gained,

the boosting of exports and their profitability, the saving of energy and material, and the trimming of production time frames and prime costs.

Through the extension certificate more weight still is attached to thoroughly preparing economic and scientific-technological targets for new products, procedures, and technologies. In connection with that, more elbow room is given to creative R&D work. A still higher demand arises from it to speed up the development of top products and technologies as will determine or at least help determine the technical-economic and design level of comparable products on the world market at the time they become fully market-effective and that will through high-grade inventions go beyond that which is already known.

The future main users and cooperation partners--including the domestic and foreign trade organizations--will be drawn more, from the outset, into the innovation process. That will altogether encourage a higher degree of commitment in the targets and responsibility for preparing production and sales.

With this extension certificate the general director has a viable document enabling him to compare at a glance the costs and benefits in introducing new products, procedures, and technologies. He can then better judge the profitability of a given retooling process and make his appropriate decisions.

The extension certificate is intended for the development of products, procedures, and technologies including their transfer to production and for the development and introduction of new software. For tasks in basic research and applied research in direct preparation for scientific-technical projects for production upgrading, the previously used approach through tasking workbooks continues. The extension certificate takes account of the modern management form of socialist large-scale production under the conditions of comprehensive intensification.

Relation to Tasking Manual

East Berlin GESETZBLATT in German Part I No 30, 8 Oct 86 pp 409-415

[Decree dated 11 September 1986, signed by W. Stoph, chairman, GDR Council of Ministers; Schuerer, chairman of the State Planning Commission; and Dr. Weitz, Minister for Science and Technology]

[Text] Decree on the Extension Certificate and the Tasking Workbook

Article 1--Range of Application

(1) This decree regulates the work with the extension certificate for products, procedures, and technologies and with the tasking workbook for scientific-technical tasks.

(2) This decree applies to central state organs, bezirk and kreis councils, combines, economic management organs, state-owned enterprises, enterprises under the responsibility of the association of the consumer cooperatives of the GDR, and to state and state-owned institutions.

(3) Within the areas of responsibility of the Ministry for University & Technical School Affairs, the Ministry for Health, the Ministry for Public Education, the Academy of Sciences, GDR, the Academy of Agricultural Sciences, GDR, and the scientific-technical institutions and enterprises directly responsible to the Ministry for Agriculture, Forestry & Foodstuffs, only the provisions on the tasking workbook apply.

Artice 2--Principles

(1) Through the extension certificate the economic and scientific-technical targets have to be set down which, relative to tasks, are crucial for the total production upgrading process, their fulfilment is to be controlled, and their results are to be used as bases in the annual national plans for the initial year and the first and second subsequent year. Through the extension certificate one has to ensure a sound elaboration of the tasking workbook for developmental tasks and the most efficient economic utilization of scientific-technical data through production and sales.

(2) The tasking workbook is the general director's commission for producing new scientific-technical solutions. Through it the objectives have to be assigned that are needed for R&D and their fulfilment has to be supervised. In cooperation relations it is the basis for signing coordination and performance contracts.

(3) Extension certificates and tasking workbooks have to be prepared for
   (a) tasks for the development of products, procedures and technologies and their transfer to production, and
   (b) tasks for the development and introduction of new software
   (all called developmental tasks in the following).

(4) A tasking workbook must be prepared for tasks in basic research and applied research that serve the direct preparation of scientific-technical projects for the development of projects, procedures, technologies or software (subsequently referred to as research tasks).

Article 3--Responsibility of the General Directors

(1) The general directors of the combines direct the work with the extension certificate and tasking workbook. Their focal point in managing the upgrading process must be placed on the economic outcome to be attained for the economy of the scientific-technical requirement via development to sales.

(2) The general directors are under the obligation
--to assign with the extension certificates and tasking workbooks the economic targets for R&D, production and sales, derived from economic efficiency requirements, long-term conceptions, and state plan parameters,
--to ensure through the objectives in the extension certificates that top products and technologies and highly efficient software are speeded up in their development, being such as would determine, or at least help determine, the technical-economic and design level of comparable products on the world market at the time when they reach their full market effectiveness and go beyond what is already known,

--to make sure that the scientific-technical data as elaborated are used at a scope necessary economically as well as efficiently, and
--to ensure a streamlined management and planning for the scientific-technical work and of preparing and implementing the investments needed for carrying through the scientific-technical data while available capital assets are efficiently used and modernized.

(3) The general directors have to issue concrete stipulations on the responsibility and organization in preparing the extension certificate and the tasking workbook in the combine. They have to make sure that the technical director for economics prepares and presents for decision-making the economic objectives and the technical R&D director, the scientific-technical and design objectives. The chief accountant and the head of the pricing department have to be drawn into the efforts with the extension certificate.

(4) The general directors have to involve the future main users, cooperation partners and ancillary suppliers as well as the domestic trade organs and foreign trade enterprises in the elaboration of the objectives of the extension certificate and the tasking workbook, and they have to ensure cooperation with the Office for Prices under the Council of Ministers, the Office for Standardization, Measurements and Product Testing, the Office for Industrial Design, and the other competent state organs, as well as the use of information services and data banks.

(5) In working with the extension certificate and the tasking workbook, the general directors, before they start such work, must in principle ensure the protection of secrecy, insofar as it is not already ensured earlier in conformity with law regulations. It must be made sure that there is conformity in the degree of classification as between the scientific-technical task, the extension certificate with its proof of endorsement, and the tasking workbook. Secrecy requirements for tasks in economically providing the guarantees for national defense must be issued by the one from whom the orders come.

(6) In state or state-owned institutions and state-owned enterprises that are not parts of combines, the duties of a general director, in terms of this decree, are to be exercised by their chiefs or enterprise directors. In the area of responsibility of the ministries for trade and supply, agriculture, forestry and foodstuffs, university and technical school affairs, and health, and of the Academy of Sciences, GDR, and the association of the consumer cooperatives of the GDR, the minister or president, in concurrence with the Minister for Science & Technology, sets down who has to exercise the duties of a general director in terms of the present decree.

Article 4--Content of the Extension Certificate

The extension certificate (Footnote 1) (Printed forms PV 1420-1 to 4 can be ordered from Vordruckverlag Spremberg, Geschwister-Scholl-Strasse 34, Spremberg 7590) contains:
--The order from the general director to set up a tasking workbook (Part I),
--the profit and loss (Part II),
--summarized evidence for the tasking workbook objectives--tasking workbook evidence for the development-- (Part III),
--the use concept for the economic utilization of results by means of production and sales (Part IV).

Article 5--The General Director Orders Setting Up a Tasking Workbook

(1) For setting up a tasking workbook for developmental tasks, the general director has to give the order that, proceeding from the economic and social conditions that have to be observed and from the scientific-technical level to be obtained, the economically most favorable ways or alternatives for solutions are elaborated. For it, he has to come up with economic minimum requirements ensuring that way a high economic output of new production under the concrete market conditions.

(2) In the outcome of fulfilling the order as to Paragraph 1, the general director has to make a decision on the preparation of the tasking workbook and on parts II, III, and IV of the extension certificate, as well as on when exactly the defense of the project is to begin.

(3) The implementation of the general director's order to set up a tasking workbook is to be planned and financed as a scientific-technical project.

Article 6--Profit and Loss

The profit and loss account has to show the expenses needed for development including the allocations for setting up the tasking workbook and the introduction to production as well as the profits expected in the outcome of economically utilizing products or profit gains in technologies, procedures, and software. The anticipated and actually achieved cost/benefit ratio has to be shown accountably as a reproduction process in terms of years.

Article 7--Summarized Evidence for the Tasking Workbook Objectives--Tasking Workbook Evidence for the Development--

(1) Tasking workbook evidence for the development has to show the most important economic and scientific-technical objectives of the tasking workbook for the developmental task as per product or performance unit in comparison with international top standards and with the product, procedure or technology meant to be superseded. It should also include other data on costs, prices and profits per production unit, targets on the scientific-technical level and on eliminating hardships at work, the cutback in jobs and the recruiting of manpower.

(2) If no product is being substituted for, the baseline becomes the commodity manufactured in the enterprise with the highest degree of comparability or, if none exists, the commodity group average. If the commodity belongs in no commodity group, the efficiency level of the output of the enterprise becomes the baseline. For procedures and technologies the data pertain to the commodity produced by the procedure or technology, in the case of software, to the software used thus far in the given field.

Article 8--The Use Concept for the Economic Utilization of Results by Means of Production and Sales

Under the use concept one has to show the economic objectives or results of developmental work as endorsee in the initial or concluding authorization and

the other cost, price, and profit data per production unit as to the tasking workbook evidence, taking account of the production volume envisaged and the outcome actually achieved in the initial year and in the first and second subsequent year. In particular, one has to show the targets and results of the
--efficiency and effectivness development in the combine,
--boost in export and its profitability including its utilization under license,
--saving in material, energy, production time frame and costs and import substitution, and
--the economic results for the users.

Article 9--The Content of the Tasking Workbook

(1) The tasking workbook for research tasks must ensure that the research results create a scientific or scientific-technical lead which, in conformity with the international developmental trends in the natural sciences and technology and the further shaping of a modern and highly efficient production and export structure, will make possible bringing out top achievements in science, technology, and economics at a broad scope. So one has to include in the tasking workbook, as the specifics of a task will require, an assessment of the range of application, the scientific-technical requirement, and the implementation conditions. The research tasking workbook documentation (Pflichtenheftnachweis der Forschung) has to summarize the decisive statements made on resolving the task (Footnote 2) (Printed form PV 1421 can be ordered from Vordruckverlag Spremberg, Geschwisster-Scholl-Strasse 34, Spremberg 7590). That is part of the tasking workbook.

(2) The tasking workbook for developmental tasks is to be aimed at top economic effectiveness of the scientific-technical data. Through them the economic objectives of the extension certificate have to be shored up. In particular, one must ensure a high scientific-technical level compared to international standards and their future development. For that one has to adopt concrete economic objectives, quality-determining chief performance data or parameters for the scientific-technical requirements and inventive targets to ensure a high degree of innovation with brief processing time frames. The statements crucial for resolving the task are to be summarized in the tasking workbook evidence for the development. Part III of the extension certificate also functions as a part of the tasking workbook.

(3) Normally it should not take more than 2 years for scientific-technical tasks from being confirmed in the tasking workbooks to the completion of projects.

(4) The tasking workbook also has to include the computations and separate proofs needed to explain the objectives and requirements. That includes:
--World standard comparisons (Footnote 3) (For elaborating world standard comparisons, there is in effect at this time the "Ordnung ueber die Bestimmung der Qualitaetsmasstaebe auf der Grundlage von Weltstandsvergleichen" [Order on Determining Quality Criteria Based on World Standard Comparisons]--ASMW--VW 1486--published by the Office for Standardization, Measurements and Product Testing), copyright and market analyses,
--computations and traces on scientific-technical parameters, especially on the function, reliability, working life, trade-mark quality, safe functioning and important testing conditions for products, methods and technologies,

--the copyright conception and the stipulations on the range of legal exemptions to be granted,
--objectives for improving environmental protection and the elimination of labor hazards,
--proofs for observing economic norms, e.g. in material and energy consumption and construction time frames,
--evidence for making use of scientific-technical data or of central software data storage, and for having carried out patent checks, and
--the chief schedule plan
and other data and technical documentation needed for decision-making.

Article 10--The Duty to Take Part in Drawing Up Target and Requirement Positions

To draw up and establish target and requirement positions, those from whom the orders come, the chief users and cooperation partners as well as the foreign trade enterprises and the domestic trade organs and the competent combine that does the accounting or has been authorized to do so must voice their economically justified requirements. They have to come up with data, especially, on prospective domestic and export demands, the needed scientific-technical level for new development and effective sales, and on the feasible revenue, and they have to take an active part in working out the objectives. Along with it, the competent foreign trade enterprise has to set down the proper measures for opening markets and preparing sales and has to coordinate and initiate this with the export enterprise. In research tasks partners are drawn in according to the specific task involved.

Article 11--Initial Defense

(1) The focal point of the initial defense are the economic objectives of the R&D task, the scientific-technical and design task derived from it and, in developmental tasks, the objectives for the economic utilization of the scientific-technical outcome through production and sales. The bases in initial defense for developmental tasks are the extension certificate and the tasking workbook, for research tasks, the tasking workbook.

(2) In the outcome of the initial defense, the general director has to make the necessary arrangements to ensure the material-technical prerequisites for R&D, for rapid production application including the development of rationalization means production, for placing the needed investments, and for training and advanced training. Along with it, the measures for opening markets and sales preparation have to be initiated.

(3) For research tasks taken care of within the framework of the research cooperation by institutions of the Academy of Sciences, GDR and the universities and colleges, the initial defense has to take place in front of the contract partner who gave the order to carry out the research task. In corresponding tasks of the science and technology state plan, the competent ministers and the Minister for University & Technical School Affairs, or the president of the Academy of Sciences, GDR, through mutual consent, decide which economically especially significant tasks they or a deputy of theirs will defend.

(4) For tasks of the science and technology state plan, to enforce ambitious economic objectives, excepting the tasks contained in Paragraph 3, the defense has to be carried out in front of the competent minister or one of his deputies. The Minister for Science and Technology decides for which tasks in the science and technology state plan the economic objectives have to be defended under the direction by one of his deputies or by a vice president of the Office for Standardization, Measurements and Product Testing. The competent minister is to be informed about that decision. The Minister for Science and Technology, furthermore, decides whether representatives of the Ministry for Science and Technology shall take part in the defense of tasks of special economic significance.

(5) In a defense of developmental tasks as to Paragraph 4 there also are taking part foreign trade ministry officials or officials of the Office for Prices under the Council of Ministers, in case of consumer goods, also officials of the Ministry for Trade & Supply.

(6) The chairman of the State Planning Commission decides whether officials of the State Planning Commission will attend a defense of tasks as to Paragraph 4. He may demand that economic objectives be heightened if they fail to conform to economic requirements.

(7) A competent minister has to submit the extension certificates and tasking workbooks for tasks in the science and technology state plan to the Minister for Science and Technology 4 weeks after having been confirmed at the latest. The Minister for Science and Technology may demand that efforts are to be continued toward heightening the economic and scientific-technical objectives as long as they fail to conform to the economic requirements.

Article 12--Concurrence with the Objectives

(1) For the initial defense, in accordance with the specifics of the task,
--the introductory combine or the one who gave the order,
--the chief users,
--the chief cooperation partners,
--the competent foreign trade enterprise,
--the competent domestic trade organ, as to the stipulations from the Minister for Trade & Supply,
--the Office for Standardization, Measurements and Product Testing,
--the Office for Prices under the Council of Ministers,
--the state control organs,
--the Ministry for Materials Management, the Office for Inventions and Patents, and the Office for Industrial Design, provided a stipulation was made as to Paragraph 3, and
--the competent combine that balances the accounts or is commissioned to do so and, for software, the information and consultation unit that instructs on the subject matter

have to agree or disagree to the objectives that concern them, as spelled out in the tasking workbook documentation and, for developmental tasks, also in the utilization concept of the extension certificate. Agreement with the objectives from the introductory combines, chief users and cooperation partners, foreign trade enterprises and domestic trade organs implies the commitment to create, systematically, in their areas of responsibility the

prerequisites and premises for implementing the objectives that concern them. A rejection has to be substantiated. If no explanation is forthcoming by the conclusion of the defense, agreement is assumed, provided the defense documentation is handed on within the time frame as of Article 17 Paragraph 1.

(2) If an agreement is not forthcoming, the partners have to resolve the problems that have arisen under their own responsibility within 2 weeks after the initial defense. In case that is not forthcoming, the heads of the next higher organs, the general directors in the case that combine enterprises attend the defense, have to make a decision within 4 weeks. If such a decision affects previously granted agreements, they have to be applied for again. A period of 2 weeks is set aside for that.

(3) The Minister for Materials Management, the president of the Office for Inventions and Patents, and the head of the Office for Industrial Design set down which scientific-technical tasks require their agreement to objectives in their areas of responsibility. For tasks under the science and technology state plan that is done in coordination with the Minister for Science and Technology, for scientific-technical tasks for economically securing national defense, additionally, with the one from whom the order came. Those arrangements have to be made annually at the time when the state plan quotas are issued.

(4) For scientific-technical tasks for economically securing national defense agreements have to be obtained from the Office for Standardization, Measurements and Product Testing, the Office for Inventions and Patents, and the Office for Pricing under the Council of Ministers, through the heads of those state organs.

Article 13--Confirmation of Objectives

(1) It is the general director who, in the outcome of the initial defense, has to confirm the objectives of the extension certificate and the tasking workbook. Simultaneously one has to decide, according to law regulations, on applying task-related performance bonuses and other forms of personal material incentives in the R&D collectives.

(2) At the time of that confirmation, the general director then also has to make arrangements for intermediate defense actions to assess intermediate results, control the purposive and effective use of funds, and the continuation of the scientific-technical work.

(3) If scientific-technical tasks are implemented on the basis of commercial contracts, the economic and scientific-technical objectives of the tasking workbook have to be prepared jointly by the partners. The contract partners have to confirm the objectives of the tasking workbook, the user of the scientific-technical results, the utilization concept.

(4) Commercial contracts in preparation and implementation of R&D tasks and on applying their results must be concluded as soon as the necessary state planning decisions are made, at the latest, after the tasking workbook is

confirmed. On the economic utilization of developmental results by way of production and sales the contract has to be signed, based on the utilization concept, no later than in the outcome of the final defense.

(5) The confirmed objectives of the tasking workbooks of the R&D tasks and, in contract research, also the signed contracts are the binding bases for funding and stimulating the scientific-technical work and for the performance rating of R&D collectives.

Article 14--Final Defense

(1) A final defense of the R&D tasks is to be carried out as a rendering of accounts by the R&D collectives on results achieved relative to the R&D tasking workbook documentation. In developmental tasks parts II and IV of the extension certificate also have to be presented.

(2) The general director has to judge whether the scientific-technical and economic R&D objectives were obtained and the premises are laid for the anticipated economic utilization of results by means of production and sales as shown in the utilization concept of the extension certificate. He has to decide whether or when the manufacture of the old commodity has to cease provided all premises, according to legal regulations, are in place. Included in this assessment is whether the design, inventive, and copyright objectives and the range of legal exemption are achieved.

(3) Results of research tasks resolved within the framework of research cooperation by institutions of the Academy of Sciences, GDR and the universities and colleges call for a defense in front of the contract partner.

(4) In cases of tasks under the science and technology state plan, the competent minister or the president of the Academy of Sciences, GDR decides whether the final defense has to take place before one of their deputies. The Minister for Science and Technology, the chairman of the State Planning Commission, the Minister for Foreign Trade and, for consumer goods, the Minister for Trade & Supply have to be informed about those decisions. They may ask officials of their organs to attend also.

(5) The state organs, combines, enterprises, and institutions referred to in Article 12 Paragraph 1 are entitled to attend the final defense. They have to be informed about its date.

(6) For the basic and applied research achievements produced within the framework of the research cooperation of the combines with the institutions of the Academy of Sciences, GDR, the universities and the colleges, in the outcome of the final defense by the contract partners or introductory combines, stipulations have to be made on further scientific-technical projects to ensure an immediate and comprehensive use of those results in production, all to be set down by protocol.

Article 15--Confirmation of Results

(1) The general director has to confirm the results of the R&D tasks. The confirmation of the results of developmental tasks must be set down in Part III of the extension certificate, that of the results of research tasks, in the final defense protocol. Before tasks on economically securing national defense are confirmed, they require agreement from the one who gave the order.

(2) Before results of developmental tasks are confirmed, they require agreement from the Office for Prices under the Council of Ministers, the Office for Standardization, Measurements, and Product Testing, as well as the main users.

(3) On the cover sheet of the utilization concept, the general director has to sign off on the objectives for the economic utilization by way of production and sales.

(4) The economic results of the scientific-technical work as confirmed in the final defense have to become the bases for the quality stipulations in the standards and norms of production consumption for any given commodity.

(5) Relative to the accomplishments achieved, the general director, in the outcome of the final defense, has to decide on the definitive funding for R&D expenditures. With it also, according to legal regulations, the decision has to be made on the payout of task-related performance bonuses and other means of personal material incentives.

(6) In connection with the agreement from the Office for Prices under the Council of Ministers to the results in developmental tasks, within the scope of the final defense, the profit and surplus profit confirmed by the Office for Prices under the Council of Ministers for the commodity newly to be placed under production have to be entered in the extension certificate.

(7) Unaffected by the regulations in articles 10 through 15 are the provisions of the research decree of 12 December 1985 (GBL Part I 1986 No 2 p 12).

Article 16-- Plan Integration and Dealing With Results

(1) The economic and scientific-technical results achieved in implementation of the developmental task and confirmed in the final defense are fully to be included in the plans and account balances.

(2) The objectives for the economic utilization of scientific-technical results by way of production and sales, as shown in the utilization concept, require concurrence from the head of the foreign trade enterprise, the main user, or the competent domestic trade organ.

(3) The economic objectives of the utilization concept as confirmed in the final defense are the basis for integrating the results with the combine and enterprise plans and with the account balances of the introductory year and the first and second subsequent year. Commmodity-specific production and export quotas for newly developed commodities have to be governed by the

annual national economic plans, proceeding from the objectives in the utilization concept and the concrete sales opportunities of the commodities, especially on the export market, to be established and demonstrated through active market research. A general director has to make sure that appropriate measures are taken to start up production and that the competent technical directors handle the planning and account settlements for the production and export of these commodities.

(4) The results achieved in the introductory year and the first and second years thereafter have to be shown in the utilization concept and have to be accounted for through accounting and statistics all the way to the completion of the total annual balance sheet on science and technology.

(5) When the developmental work is done, the general director has to confirm the extension certificate annually up to the second subsequent year to integrate the economic results, as confirmed in the final defense, with the enterprise or combine plan or to check the outcome achieved.

Article 17--Presenting the Extension Certificate and the Tasking Workbook

(1) Combines, enterprises, state and state-owned institutions and state organs attending the initial and final defense must receive the R&D tasking workbook documentation no later than 4 weeks prior to the date scheduled for the defense. The tasking workbook also has to be submitted, on request, to the ministries and other central state organs attending the defense. The Office for Standardization, Measurements and Product Testing gets the tasking workbook automatically. In developmental tasks, the central state organs, the main user or the competent domestic trade organ and the competent foreign trade enterprise have to get the utilization concept.

(2) For all tasks under the science and technology state plan, the Ministry for Science & Technology and the State Planning Commission have to get the R&D tasking workbook documentation and, in developmental tasks, the total economic bill and the utilization concept, no later than 4 weeks prior to the initial defense. The Ministry for Science & Technology also has to get the tasking workbook.

(3) The Ministry for Finance and the State Bank of the GDR or the Bank for Agriculture and the Foodstuffs Economy of the GDR have the right to attend the defense sessions and request extension certificates and tasking workbook documentation of research.

(4) The tasking workbook is complete when it carries the confirmation of the scientific-technical results of the final defense, the extension certificate, when it carries the confirmation of the results achieved in the second subsequent year.

(5) The extension certificate has to be available in one complete copy in the combine and one for accounting purposes. The general directors have to ensure that extension certificates are accounted for through accounting, including the deferment documentation and the submission of central state organ data to machine data systems in conformity with the stipulations from the State Central Administration for Statistics.

Article 18--Deferment of Objectives

(1) If deferments of the objectives of the extension certificate and the tasking workbook become necessary for reasons of economic requirements, of the development of international standards, or of market conditions, being such as to infringe the economic objectives, they require a renewed authorization if they affect the competency of the partners or organs as to Article 12 Paragraph 1. Such deferments have to be confirmed by the general director.

(2) For tasks under the science and technology state plan, deferments depend on prior concurrence from the Minister for Science & Technology. When deferments pertain to the utilization concept, the concurrence from the competent minister is required. Deferments of objectives for the production and export of newly developed products under the science and technology state plan must be correlated with the annual national economic draft plan and with the State Planning Commission.

(3) Precision refinement in the assortment structure and the scientific-technical requirement, needed for consumer goods collections or assortments in consequence of trade fairs held, have to be confirmed by the general director in the extension certificate and tasking workbook. If these deferments do not significantly alter the economic objectives, no further authorization is required.

(4) In deferments as to Paragraphs 1 to 3 for tasks to economically ensure national defense, before a decision is made one must obtain the consent from the one who gave the orders.

(5) If scientific-technical tasks are carried out on the basis of commercial contracts, the deferments for economic and scientific-technical objectives of the extension certificate and the tasking workbook have to be worked out jointly by the partners and taken account of in the commercial contract.

(6) The partners, according to Article 12, must be informed about the deferments of the objectives in the extension certificate. The deferments and information about them to the competent partners call for a printed deferment form (Footnote 4) (To be obtained from Vordruckverlag Spremberg, Geschwister-Scholl-Strasse 34, Spremberg 7590; order number PV 1420/5). This is to be attached to the extension certificate as an annex.

(7) The provisions about the deferment of objectives do not apply to tasks as to Article 19, Paragraphs 1 to 5. If those objectives require deferments, they must be presented at the final defense and substantiated there.

Article 19--Specific Provisions on the Tasking Workbook and the Extension Certificate

(1) For projects without a large R&D component entailing a development up to a total of 3 months and for the development of means of rationalization for which sales or licensing are not encompassed, no tasking workbook has to be prepared. The general director then issues a development commission. The purpose, duration and maximum expenditures for such a development are to be set down.

(2) For developing commodities under the heading of thousand little items, the competent ministers have to decide which of them, with but a slight proportion of developmental effort, require no tasking workbook. In such cases a developmental commission has to be assigned.

(3) For tasks taking up to 6 months the general director is entitled to decide that instead of a tasking workbook a developmental commission will do. Exempt from this are tasks for economically securing national defense.

(4) In developmental tasks resulting from demands made by export customers, like
--the checking of customer orders and the preparation of relevant bids,
--considerations for charges contractually agreed on, or
--customer preference or market-specific modifications for available basic types of commodities,
the general director may decide, depending on the volume of scientific-technical efforts needed, whether a tasking workbook is prepared or a developmental commission is given. The developmental commission is given in concurrence with the general director of the competent foreign trade enterprise, the desired export profitability specified right there. In case of customer preferred or market-specific modifications for available basic types of commodities, the Office for Standardization, Measurements and Product Testing decides whether or not its consent is necessary.

(5) For scientific-technical projects for the development of new commodities for
--the consumer goods collections or assortments of a combine, subject to the changes in fashions and to seasonal changes or
--types or models,
one extension certificate and one tasking workbook for the whole collection, series and so forth can be prepared if the development takes place during the same period and it takes no more than one year to become production-effective. The competent ministers are entitled to set down for which collections, assortments, types and models this holds true.

(6) For tasks as to Paragraphs 1 to 4 the extension certificate is in principle not to be used. For developmental tasks as to Paragraphs 2 to 4, the results of which lead to newly developed products and have to be planned and accounted for accordingly, the utilization concept has to be prepared. In such cases one need not show the economic results for the users in the utilization concept.

(7) The products as to Paragraphs 4 and 5 require a nomenclature from the minister and have to be correlated with the Minister for Science & Technology.

(8) For tasks as to Paragraphs 1 through 4 the general director has to decide whether any defense has to be conducted.

Article 20--Planning the Sequence of Scientific-Technical Tasks

To ensure the most suitable labor sequence, scientific-technical projects should be planned and accounted for uniformly by stages.

Concluding Provisions

Article 21--Implementing Regulations

(1) The Minister for Science & Technology and the chairman of the State Planning Commission will jointly issue implementing regulations for this decree..

(2) The Minister for Light Industry, the Minister for University & Technical School Affairs, the Minister for Health, and the president of the Academy of Sciences, GDR are entitled to issue specialty-specific regulations relative to this decree in concurrence with the Minister for Science & Technology.

(3) The Minister for Science & Technology is entitled to issue separate regulations to secure overall political concerns for selected tasks.

Article 22--Transitional Provision

For all developmental tasks in the works on 1 January 1987, the utilization concept is to be prepared and confirmed up to the submitting of the performance bid for the science and technology in the combines as of 1988.

Article 23--Effectiveness

(1) This decree takes effect on 1 January 1987.

(2) Simultaneously, there are expiring:
--the 17 December 1981 decree on the tasking workbook for R&D tasks--the Tasking Workbook Decree-- (GBL Part I 1982 No 1 p 1),
--the first implementing regulation, of 23 November 1983, for the decree on the tasking workbook for R&D tasks--the Tasking Workbook Decree-- (GBL Part I No 36, p 381),
--Article 1 Letter a, Articles 2 to 5, and annex 1 of the 23 November 1983 order on the total economic bill for R&D tasks and the annual balance-sheet for science and technology (GBL Part I No 36 p 395).

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CARBIDE PRODUCTION, COAL LIQUEFACTION, GASIFICATION DETAILED

Alternative Fuels Through Carbon Chemistry

East Berlin SPEKTRUM in German Vol 17 No 6, Jun 86 pp 1-4

[Article by Gerhard Keil, director of the Institute for Chemical Technology]

[Text] Lignite is our primary natural source of energy. And it will remain so in the future. At the same time, however, we are also using it as a raw material for chemical purposes, in particular as a substitute for valuable sources of carbon. According to a directive of the 11th SED Party Congress, currently a million tons of liquid products, such as lignite tars and oils, are to be produced each year. By applying the latest techniques, these products can be used to obtain electrode coke, kerosene [Paraffin], benzene, phenol, lubricants, motor fuels, and heating oil. This is a challenging task, and one that requires a broad range of basic research. Some of the advances in this area are being made by the Institute for Chemical Technology, which works closely with members of industry and the university system.

Carbon chemistry has a long and successful history in our country. For more than 100 years, carbon chemistry has developed and improved a large number of lignite refinement processes. As early as the 19th century, tar oils were manufactured industrially by degassing coal in low-temperature carbonization plants. Methods were developed for refining these tar oils to produce illuminating oil--which was used in place of petroleum--and kerosene. Subsequently, methods were developed for manufacturing illuminating gas as well as for extracting creosotes, resinous substances, and asphalts. Since the 1880's, the resulting low-temperature coke has been used as a heating fuel, while phenols have simultaneously been obtained from the distillates of the low-temperature carbonization process in order to use low-temperature lignite carbonization more economically. Finally, low-temperature carbonization gas was also first used for heating purposes and later for producing illuminating oils. The liquid products of low-temperature carbonization were processed to yield increasingly more valuable products. Currently, the most important products are motor fuels, lubricating oils, and electrode coke.

High-temperature lignite (BHT) coke was produced through a procedure used for degassing lignite at high temperatures. In some cases anthracite can be used as a substitute. But this is by no means the only application of this procedure.

The gasification of the lignite--a process in which synthesis gas and city gas are produced--has a similar history. The Lurgi and Winkler procedures are the best known means of gasification. A considerably more recent process is coal hydrogenation. It was used extensively during World War II, but subsequently declined in importance as oil refining became more prevalent. But given the current state of affairs, coal hydrogenation has once again become the subject of research and testing.

In addition to low-temperature carbonization, gasification, and hydrogenation, it has been possible since the end of the last century to extract certain lignites in order to obtain montan wax. Today, the development of new products from this raw material stands at the forefront of activity in this area.

During the 11th SED Party Congress, the GDR entered a new stage in the utilization of its domestic supplies of raw materials. This is characterized by an intensification of production, greater refinement of raw materials, and increased effectiveness. In the carbon chemistry industry, just as in every other branch of industry, social need and the socio-economic results of production and consumption of the products determine the status and perspective of development. These factors include a continuing increase in the production of motor fuels, demands for environmentally safe sources of energy, and a need for basic organic materials in manufacturing high-quality consumer goods and materials.

The economic implications derive from the necessity of releasing fossil sources of carbon as well as replacing imported sources of carbon with domestic raw materials.

Modern Coal Refinement

The current tasks on which the carbon chemistry industry must concentrate are anchored in the resolutions of the 11th SED Party Congress. These resolutions state that the need for high-quality products is to be met through the sophisticated refinement of available domestic and imported raw materials. The necessary increase in organic raw materials for the chemical industry must in large part be ensured precisely through lignite refinement. This includes the processing of lignite to produce high-quality sources of useful energy--such as gas, coke, pulverized fuel, and briquettes--as well as producing raw materials for the chemical industry--such as synthesis gas, hydrogen, and motor fuels--by means of catalytic high-pressure hydrogenation.

This means that applied techniques must be rooted in first-class achievements in science and engineering. The purpose of providing needed refined

products is not only to meet national economic needs effectively, but, simultaneously, to ensure the socialist way of life--including preservation of the environment.

The plans for large-scale solutions incorporate the extensive financial resources currently available. These solutions may be effectively implemented in production as early as the 1990's. This also includes comparing various techniques to determine how by combining processes valuable coal materials can be skimmed off before the coal is used for energy.

Effective utilization of domestic lignite requires a complete economic program. It must be clear, for all the processes involved, as to which coal will be available in what amounts from which deposits in which time frames. In the GDR, the conditions of socialist production determine the prerequisites and options for carrying out a complex evaluation of the refinement variants for long-term utilization of the domestic potential in fossil carbons. They also determine the development and preparation of an optimum strategy for the overall economy.

One trend that is becoming quite clear in this regard is that the uses of lignite as a source of energy and as a source of economic goods are becoming more closely interwoven. Scientific efforts in the subareas of carbon chemistry and energy production (which for some time to come will, unavoidably, still be based on domestic lignite) can be carried out effectively only within the framework of the demands resulting from the overall system of lignite utilization in the GDR. Because lignite is economically effective, it is not possible today to determine what is necessary for future research and production solely on the basis of the conditions of one of the subareas mentioned above.

For example, sulfur dioxide emissions from our coal plants can be reduced in one of two ways: by building desulfurization plants (the method currently preferred) and--presently still of minor relevance--by using heating materials generated as a result of prior low-temperature carbonization.

Given this situation, the idea of obtaining raw chemical materials from coal by combining techniques for producing materials and energy is becoming increasingly important in economics and politics. An effective improvement in the refinement of our lignite is not possible without significant innovations. Such innovations, however, will be possible only if plans for basic research extending far into the future are established. This includes shedding light on the material and process engineering mechanisms involved in coal refining techniques.

It is necessary to realize that both domestically as well as internationally the interrelationships between the properties of coal and its suitability for the various refining procedures are still not sufficiently understood. Advances are expected in this regard as a result of modern methods of instrument analysis. These methods make it possible to determine more precisely the structure, the bonding relationships of heteroatoms--such as

sulfur, nitrogen, and oxygen--and the specific reactivity features of different coals. To the extent that it is possible for us to decipher the relationships between the raw material properties of lignite and its behavior in various technological processes, we will be able to intentionally and specifically alter the properties of the raw material, e.g., via preparation, and of implementing and developing appropriate technologies. This will also require the classification of our domestic lignites into boiler, briquet, coking, and low-temperature process coals by defining the characteristics of the coals.

Gasoline From Coal

One of the areas for improved coal refinement currently of primary importance is catalytic high-pressure hydrogenation, i.e., the liquefaction of coal to produce motor fuels. The Bergius-Pier procedure is the most widely used technique in this area. The continued development of this procedure will require extensive experimental and analytical studies of coal hydrogenation, the characteristics of coal and coal products, and process engineering. One of the places such studies are currently being carried out is the Institute for Chemical Technology of the Academy of Sciences.

These research activities are of long-term importance, because the GDR must have procedures for coal liquefaction that can be effectively applied in production. This holds true regardless of the fluctuation in oil prices over time and also in view of the decreasing availability of oil.

Another highly important research area that will be significant far into the future is lignite gasification. This process yields synthesis gas, which is a mixture of hydrogen and carbon monoxide (H_2 and CO). This gas serves as a basis for yet another branch of processing chemistry and can be used to produce such products as ammonia, methanol, hydrogen, olefins, carboxlyic acids, and fertilizers.

Lignite Liquefaction

Until recently, lignite gasification in the GDR was carried out through the fixed-bed compression gasification of lignite briquettes to produce city gas in the VEB Gaskombinat Schwarze Pumpe and by gasification of low-temperature lignite coke using the Winkler procedure in the Walter Ulbricht VEB plant in Leuna.

As the chemical industry's need for synthesis gas and hydrogen grew, it became necessary to develop a more efficient gasification procedure. As a result of the development and testing of a new particle-pressure gasification technique at the VEB Gaskombinat Schwarze Pumpe, we now have a high production procedure using this method. It offers the advantages of simpler coal preparation and total gasification without the accumulation of condensable products. Particular mention should be made of the fact that coal of all qualities--including coals high in inert materials and

with higher levels of ash and salt--can be gasified using this procedure, something not previously possible. If we wish to generate a major portion of our basic chemical materials from lignite, we must utilize synthesis gas in combination with methanol and direct synthesis to produce motor fuel components, aromatic substances, and olefins.

Improving Existing Procedures

In addition to developing new procedures, another significant area of research that can have a great impact is the improvement and streamlining of existing procedures, particularly those for producing and refining liquid carbon-chemical products in the form of tars and illuminating oils. An example is thermal coal conversion procedures, such as low-temperature carbonization and coking, and their combination with procedures for producing energy and utilizing materials. Two other examples are the use of high-temperature lignite coke for carbide production and the use of high-temperature coke for producing synthesis gas.

The development of carbon chemistry is not conceivable without advances in process engineering. On the one hand, the demands placed on technology are the result of large-scale implementation, wide fluctuations in the quality of raw materials, high process temperatures, and, in part, also of the range of high pressures. This is automatically accompanied by new demands on the materials used for reactors and extraction, precipitation, and delivery systems. On the other hand, technology is determined decisively by the special characteristics of domestic lignite as a raw material. We are dealing with a material that has a complex chemical and physical structure. This also applies to the wide variety of products produced from it. In addition, these multi-material mixtures are often multi-phase systems as well. The difficulties involved in controlling the material conversion processes are accompanied by complex problems in material separation. Added to this are the considerable demands placed on process analysis and process control.

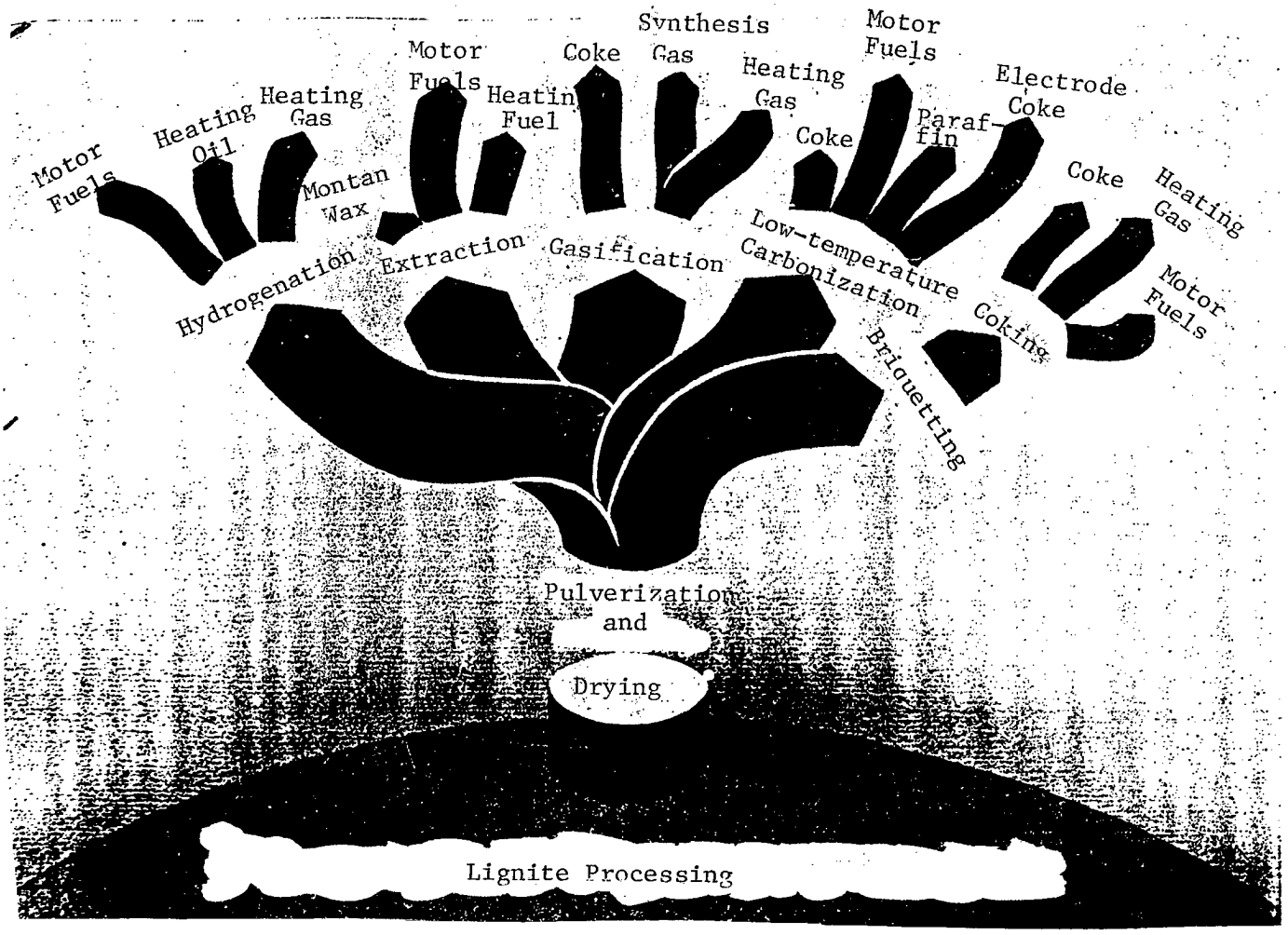
A special aspect of process engineering research derives from the fact that coal refining procedures require a constant source of energy, which itself is derived from coal combustion. This in turn plays a considerable role in determining the cost of the procedure. In this case, there can be a difference in the quality of coal used for refinement--as a raw material--and for energy production.

Large reserves can be tapped by optimizing the individual stages of coal processing with respect to energy and by combining these stages in advantageous ways. Research efforts have centered around this objective are currently in progress at the Institute for Chemical Technology. In addition, research in carbon chemistry requires mandatory interdisciplinary cooperation among natural scientists, engineering scientists, and economic scientists in order to assess the economic and socio-economic consequences of converting research results into practice. In this regard, research efforts at the Institute for Chemical Technology to develop models for and to optimize carbon chemistry have already proven that advanced

methods, such as computer-aided integrated production optimization, must be applied for variant comparisons and effectiveness studies in the framework of larger production systems. This is necessary, because, otherwise, the complex correlations can be neither represented nor evaluated.

Overall, carbon chemistry research is viewed and implemented as part of both basic and applied research. In finding solutions to the tasks established in their areas, the industry combines, the Academy of Sciences, and other scientific institutions will utilize their research and development potentials to fulfil the objective of the party of the working class. They will also assist in rapidly applying the most recent knowledge in science and engineering to economic growth.

Note: Our author, Dr Gerhard Keil, helped build the GDR lubricating oil industry in the early 1960's in Luetzkendorf. Today he works in the area of chemical technology, coal processing, and oil refinement. He will celebrate his 60th birthday on 11 August 1986.



First Carbon Chemistry Session

East Berlin SPEKTRUM in German Vol 17 No 6, Jun 86 p 4

[Article by Dr Hein Klare of the Institute for Chemical Technology]

[Text] The first carbon chemistry conference was held in Rostock in February 1986. It was organized by the Institute for Chemical Technology (ICT), the Chemical Society, and the Carbon Chemistry Committee of the Professional Engineering Association.

Processes for lignite hydrogenation, coal gasification, synthesis gas chemistry, analysis of coal and useful coal materials, and the production of chemical raw materials from tars and other products of coal refining were presented in 32 addresses and 26 poster displays. The 150 convention participants came from institutions involved in this area as well as from industry, universities, and the GDR Academy of Sciences. Guests from the USSR, Hungary, Poland, and Bulgaria also participated in the conference.

The addresses and poster displays pertaining to lignite hydrogenation covered topics ranging from commercial application and experiences with this technology to the results of analysis of elementary processes. Contributions also dealt with coal preprocessing and the processing of refined products.

An obvious effort is being made to attain a deeper understanding of the kinetic and chemical processes involved in lignite hydrogenation. Experiments conducted primarily in laboratory autoclaves were examined in this connection. Contributions related to this topic were provided by participants from the USSR, the Freiberg Mining Academy, the GDR Academy of Sciences, and from Bulgaria. M. Gutmann (ICT) summarized the current state of knowledge in this area. A majority of the poster displays and seven of the addresses were devoted to an analysis of coal and coal products. Also discussed were the essential topics of chromatographic separation methods and ways to apply methods of instrumental analysis to coal products.

One address to be highlighted was supplied by T. Szekely (Gungarian Academy of Sciences). He discussed the results of combining thermogravimetry and mass spectroscopy, where lignite is analyzed to search for correlations between technological performance and structural parameters. With respect to efforts regarding the extraction of chemical raw materials from coal products, particular emphasis was placed on extracting electrode coke and on preparing and characterizing phenols from coal refinement products.

One aspect common to most contributions was that the results presented were from experiments in progress, thus leaving the door open for future questions. Other presentations concentrated on catalysts for methanol conversion and hydrogenation of carbon monoxide and the carboxylation of methanol.

In the future, carbon chemistry conferences will be held every 2 years in the period between the related events of Miners' Day and Iron-and-Steel Workers' Day.

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RESEARCH DIRECTOR INTERVIEWED ON SCHWERIN GEOTHERMAL PROJECT

Schwerin SCHWERINER VOLKSZEITUNG (supplement) in German 3 Oct 86 p 3

[Interview with Helmut Bruegmann, director of research and engineering of the VEB Energiekombinat Schwerin, by correspondent Gisa Neumann: "Heat From the Ice Age?"]

[Text] Comrade Helmut Bruegmann, director of research and engineering of the VEB Energiekombinat Schwerin, responds to questions we received from readers following publication of the announcement that drilling for the future use of a thermal water reservoir at Suelte/Suelstorf in the Schwerin Kreis has started.

[Question] Comrade Bruegmann, many readers became curious when they heard of a thermal water reservoir and that drilling had been started there. Some of their questions were: What created this reservoir? How was it discovered? Will tapping it really be worth the effort?

[Answer] First of all, I would like to say that the drilling currently underway is exploratory drilling. Specialists from the VEB Geothermie Neubrandenburg wish to clarify the findings obtained during seismographic studies. They are now investigating the size of the reservoir, the actual temperature, the layers of earth. These investigations should be completed around mid-1987. We can also expect a report by then and thus know how to proceed.

[Question] Were the seismographic findings you mentioned obtained by chance or by design?

[Answer] The entire northern retion of the GDR was evaluated closely with this aim in mind. Similar reservoirs have been detected at Neuruppin, Stralsund, Prenzlau, and Neustadt-Glewe. The purpose was and is to tap alternative sources of energy insofar as this is possible and practical.

[Question] "Alternative energy"--what does this mean?

[Answer] Alternative energy primarily involves recyclable sources of energy, while sources of energy such as lignite, natural gas, and oil are gone forever once used. The same applies to obtaining nuclear energy.

Of course, nuclear energy will also remain one of our realistic alternatives once the traditional resources have been depleted or are no longer sufficient.

[Question] Under your direction, research in the Energy Combine is already being directed at the possible use of thermal water. Is this correct?

[Answer] We are indeed quite involved in this area. We have formed a research group that is concentrating on six sub-areas, in addition to others, with the support of the Dresden Institute for the Provision of Energy, the Ministry for Coal and Production of Energy, the Ministry for Geology, and others. Our first step is to draw up a catalog of questions regarding technological problems, the extent of investments, etc. The purpose here is to combine this catalog with geotheric reports in order to lay a solid foundation for all aspects of the possible use of thermal water. I am very much in favor of water, wind, and the sun being thoroughly researched as sources of heat. And it is precisely in this area that we are making our contribution. Even if our efforts should show that the reservoir of thermal water is not worth tapping, they will not have been in vain. In point of fact--as some readers are certainly aware--such thermal reservoirs are already in use in a few countries. This is true not only in Iceland, where geysers of volcanic origin spring to the surface naturally, but also in Bulgaria, for example, and, above all, in France. The French have followed the course of decentralized use. There are about 55 French projects, the largest of which supplies 8,000 homes with heat. The first facility of this nature in the GDR at Waren heats approximately 400 apartment units. However, the goal of the Schwerin research project is to provide heat for 20,000 homes, i.e., for virtually the whole of the newly developed area of greater Dreesch. Heat has not previously been provided on such a large scale, because we are pursuing new paths in technology that are of interest worldwide, as they will help broaden our knowledge.

[Question] Could you specify the technical problems involved?

[Answer] We are currently hypothesizing--in other words, assuming--a water temperature of 80 degrees Celsius, for example. If this is the case, the power required of heat pumps will exceed their current capacity. They must have a power of 15 megawatts in order to raise the water temperature even further. Also, there are currently no heat exchange containers of the size that will be required.

[Question] "Heat Exchange"--does this mean that thermal water will not flow directly into the heating system?

[Answer] The thermal water will transfer its heat to the water circulating in the heating system. By means of compression, it will then be routed back to a site not far from the reservoir, i.e., returned to the earth's interior. This water probably has a very high salt content. Therefore, another research project is needed to develop corrosion-proofing for the approximately 8 km pipe that will run from the point of origin to the heating plant in Schwerin-Sued.

[Question] What this means, therefore, is that considerable effort must be expended in order to develop alternative energy into a useful source.

[Answer] To give you an example, the heating plant, which is currently operated with gas piped in from a GDR deposit, must be redesigned from the ground up. But we would eventually encounter this problem anyway when the deposit of gas we are using gives out. Therefore, we must use our time wisely to devise thorough plans for converting the heating plant so that it can be operated with thermal water or lignite.

[Question] How was this reservoir created?

[Answer] Our reservoirs developed during the ice age, which, as it were, caused tremendous movements of the earth in our area and thus also determined our landscape. In the process, cavities were created that filled with water. The high temperatures generally prevalent in the earth's interior, together with great pressure, over time, brought the masses of water nearly to the boiling point.

[Question] If the hot water is tapped, we will then obtain "free" heat, so to speak? It will be heat for which the ice age, of all things, laid the foundation, or which the cavities provided. In other words, perhaps it is not so free after all?

[Answer] According to initial estimates, the heating plants, including the extraction and compression pumps which transport approximately 3,500 cubic meters of water per hour from a depth of 2,500 to 2,800 meters--and would have to return the water--will pay for themselves in about 10 to 15 years. But even then production is not free, because the pumps at the extraction site as well as the heating plants will consume a significant amount of electric energy. Therefore, we are very much concerned with developing the most efficient technology possible in this area as well.

[Question] On the part of all interested readers, I would like to thank you for the information you have provided, even if the last word has yet to be said.

[Answer] I would like to emphasize this last remark once again, for I do not wish to foster any illusions. Once the investigations have been completed, we will have a better idea as to where we stand.

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LE MONDE SEES LACK OF ENTREPRENEURIAL SPIRIT IN SECOND ECONOMY

Paris LE MONDE in French 18 Nov 86 pp 39-40

[Article by Wladimir Andreff, professor at Grenoble-II University: "Hungary's 'Small-Scale Economy'"--boxed material by the author at end of article]

[Text] The "new economic mechanisms," adopted in 1968, reformed the whole regulatory system. The Soviet-style sector-based ministries were eliminated in 1981 and the following year, the parallel economy became legal. People are now experiencing the effects of a revival of the reform approved by the congress of the Hungarian Socialist Workers Party in March 1985.

The audacity of the reforming economists who have the ear of the government lies in their perseverance, at a time when the economic environment is deteriorating. In the face of a double foreign constraint, a policy of austerity and a period of slow growth, at an average annual rate of 1.1 percent between 1980 and 1985, became imperative. For the last 4 years the state-owned enterprise sector has had a zero growth while the national economy is pulled along only by the development of the small-scale economy.

Self-Employed and Salaried Worker

The idea of small-scale economy is in the process of replacing the terms of second economy or parallel economy in everyday language. It designates both the extension of the private sector, the legalization of paid employment apart from the main job and the decentralization of big state-owned enterprises. At the moment there are no less than 11 forms of small-scale economy.

Three quarters of the active population are participating in one way or another in these activities, which are directly market-oriented. Most individuals work at it part time, while holding down a job in the civil service, in a big enterprise or in a cooperative. In this way, they assume both the position of small-scale entrepreneur or self-employed person and the status of salaried worker, devoting 2 or 3 hours a day--plus the weekend--to the small-scale economy, in addition to the 30 to 35 hours spent in the main workplace.

One of the Hungarian paradoxes is clarified: while official work hours are decreasing and paid vacations are becoming longer, free time is not increasing and absenteeism is growing. Where is the difference passed? At work in the small-scale economy.

Actually, most of the forms assumed by the small-scale economy do not develop the participants' entrepreneurial spirit. This is the case of the original experiment of work communities created by employees signing contracts with their own enterprise to work outside normal schedules using enterprise equipment. This is certainly the way to get higher profits but with no risk-taking, since the enterprise guarantees to the work community both its supplies and the sale of its products. Entrepreneurial spirit, are you there? Silence.

The small-scale economy is sometimes criticized for the income disparities that it causes and above all for its detrimental effect on the worker's efficiency in his main activity. Nevertheless, the government continues to give its support to the blossoming of small firms but with less eagerness than these socialist PMEs [small and medium-sized firms] would wish for. A commitment of the state in their favor appears all the more necessary to small firms since they have no organization representing their interests, with the exception of a section of the Chamber of Commerce, unlike the big enterprises whose "lobbies" are found even in the midst of the Central Committee of the party.

Decentralization

To fight the big enterprises' stranglehold on the economy, a campaign for the dismantling of the state-owned trusts was launched in 1980. This decentralization is turning out to be difficult to realize for three reasons: There is a high risk that technical interrelationships between the new entities may break down; the size of the trusts is appropriate for deliveries to the huge Soviet market; the new units do not have the means to pay back the loans previously contracted by the trust from which they originate.

Slightly more than 800 enterprises generate the total industrial production (versus 700 in 1980). Actually, decentralization has affected only the agricultural food industry and the maintenance sector.

Then, in 1985, an attempt was made from the inside to reduce the big enterprises' monopoly power on the Hungarian market through greater industrial democracy. From now on, the state-owned enterprise is managed by a council, one half of which is composed of delegates from the workers, elected directly by secret ballot; the other half consists of executives from the various branches of the enterprise. The council elects and dismisses the director of the enterprise. The enterprise managed by the state civil service still exists only in public utilities and in some firms connected with national defense.

With only five exceptions, previous directors have been reelected by the councils. Pro forma self-management, shall we say? or self-management limited to five enterprises in a state of crisis, in which the elections were more open and a true capacity for self-management was in operation? Nonetheless, this management reform cuts the umbilical cord that traditionally links enterprise managers to the administration, in a socialist economy. If he wants to be reelected, the director must pay attention to the grass roots as well as to the hierarchy.

In order to bring in more equality and competition among enterprises, a reform of the tax system is under way. In particular, the introduction of a TVA [value-added tax] in 1988 is being considered, as a substitute for the old tax on revenues. At first glance, its merit would be to make the tax rate uniform: At this time, the actual tax levied on enterprises' revenues varies according to their haggling with the state about taxes and subsidies.

Faced with this argument from TVA supporters, and they are legion among the reformers, other experts counter that the government will always be able to create differences in the tax rates. Furthermore, the probably rise in retail prices will displease the consumers, inasmuch as the current situation hardly allows to offset it by appreciable salary raises.

Family Savings

Under these conditions, how is it possible to attract Hungarian family savings to the financing of industry, big or small? Savings bank deposits exceed 200 billion forints (Footnote 1) (1 forint is worth approximately 0.16 French franc; its value has been fluctuating daily since 1 January 1985), whereas people's investments in the small-scale economy amount to only 8 billion and bond purchases to only 4 billion. A securities market was created in Budapest in 1983; its sessions take place on the premises of the State Bank for Development. The transactions involve bonds bearing an 11 percent interest, with the exception of securities for which a part of the interest is "real"--in which case the financial returns are lowered to 5 or 7 percent. In this case, these are securities that are issued by enterprises whose services are in great demand (telephone, gas); the buyers get the advantage of receiving priority service. None of these bonds gives either ownership rights or the possibility of accumulating wealth.

This brings up a question that is very much in the air in Budapest: how to establish a capital market encouraging the flow of funds toward industry and between its sectors? A few venture-capital companies have been created.

The transition to a multibank system is still in its infancy since the new Hungarian banking institutions are unable to compete with the National Bank. Here again, 1988 is the crucial deadline.

The bankruptcy law that should have been passed by the Parliament in 1985 has been tabled. In its absence, some reformers are demanding that it be allowed to put insolvent enterprises up for auction and to sell them at their market value. But first: the enterprises' accounting books must be made public. The managers of state-owned enterprises would thus be forced to worry about the value of the assets that are entrusted to them and about the rate of profitability and the profits expected in the future.

Going further, some people bluntly suggest creating joint-stock companies--forward settlement, a stock market in Budapest--reasoning that a stockholder is always watching out for the value of his ownership certificates. In the hallways of the research institutes, two formulas are circulating: Either distributing stock to enterprise employees, or converting into stock the bonds issued

by banks in behalf of the enterprises. These securities would be available to owners' organizations or to investment clubs. A reformer even told us in confidence that he preferred a third solution: Removing Hungarian insurance companies from the national budget and granting them permission to invest in enterprises a capital based on personal contributions. This is the way that American pension funds operate.

No one can tell what the outcome of the reforms will be. If the wishes of the most reform-inclined Hungarian economists were followed, the end result would be a totally market-based economy, allied to socialist political and social institutions. Nothing is less certain, if we remember that Hungary was a centrally planned economy, all the mechanisms of which are far from having disappeared in 1986.

The entanglement between the state economy and the "small-scale economy," between the citizens' work hours in one economy and in the other, between the influence of the civil service and that of enterprise councils on the managers, doesn't all this lead to some kind of perfectly mixed economy? The question will be resolved on the political level, through one of those compromises of which Hungary has the secret. We shall probably have to wait patiently till the after-Kadar era.

[Box p 39]

A Double Foreign Constraint

After coming very close to a bankruptcy crisis in 1982, Hungary put into operation a program of adjustment after joining the IFM. Since then, the trend of the trade in convertible currencies has been reversed, and has produced a surplus of $720 million in 1984, down to $300 in 1985. However, the gross foreign currency debt currently amounts to $11 billion, while the National Bank of Hungary has built up its gold and currency reserves back to $5.4 billion.

As for the trade in roubles, it constantly shows a deficit, with the exception of a R 250 million surplus in 1985 that no expert thinks will continue. Therefore Hungary has also a foreign debt in roubles, amounting to 1.4 billion.

To bring in foreign currency, tourism and foreign investments are solicited. In 5 years, the number of tourists coming from non-socialist countries has increased 70 percent and the length of their stay 40 percent ($800 million revenue).

The procedures for taking in foreign capital were relaxed on 1 January 1986; tax exemptions in favor of foreign investors have been expanded. There are approximately 50 joint enterprises founded with foreign capital in Hungary. One of the newcomers, Adidas, has a 51 percent control of its Hungarian production subsidiary.

All this would not be sufficient to reach the planned trade surplus--$350 to 400 million--for 1986. Some reformers are in favor of an immediate 50 percent

devaluation of the forint. Others are very pleased that their country withdrew its participation from a joint investment project with the USSR. Withdrawal from a second project is being considered, in spite of pressure from Moscow for more integration into CEMA.

This is because boosting growth through investments is considered unrealistic in reformist circles. Big projects would be machines to convert import dollars into export roubles, at the same time as this boost to the economy would increase consumption and therefore also purchases abroad. The failure of the 1981 effort to boost the economy in France is in any event widely discussed in Budapest.

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CSO: 2900/3

FINANCE MINISTRY OFFICIAL ON NEW REGULATIONS

Budapest MAGYAR HIRLAP in Hungarian 14 Nov 86 p 7

[Interview with Agnes Balazs, by Maria Lakatos: "The Cost of Taking the Easier Way"]

[Text] Yesterday we outlined the 1987 changes in the regulatory system. In the passages below, we ask one of the department heads at the Ministry of Finance, how will these changes stimulate Hungarian economy toward greater achievements? In general, how can we evaluate this system in the light of the 1986 achievements?

[Question] We all feel that it is important as soon as possible to determine why did the achievements of 1986 fall below expectations? Many people claim that the present regulatory system encourages the enterprises to keep their production in check, and to negotiate with the leadership. There is another claim, and it is not new either, that the existing size of state withholding hurts those branches the most that are potentially the most productive.

[Answer] Indeed, there are opinions of this type. However, in my view the regulatory system-which is not identical with leadership, and even less with the entity of economic mechanism-is not as bad as the country's economic achievement. We cannot blame paragraphs for the missing achievements, although I do not doubt that the regulatory system did not elicit maximum results from the enterprises. We are working on the significant development of the taxation system, but in the meanwhile the regulatory system will not change basically, because, after all, better results can be achieved within the existing framework. This is why we are striving to reduce exemptions, we are not raising taxes, even though income continues to be higher in the management units than the production level. There are two factors that strongly characterize the achievement of our economy: For one thing, we are operating in a rather constrained situation; in order to improve the external balance of our economy, we must increase our exports even when the world market severely devalued our products. For example, the price of energy resources exported by us has been reduced to 55.5 percent of the former level, and there was a a similar decline in the price of meat-products and sunflower-seed. There is hardly any opportunity for reducing exports and thus freezing this structure, until we reorganize our export-structure to more marketable products. The other problem is that certain enterprises and trades choose the

easier way out, and turn to us for support in order to assure their survival; this is something to which we may have also contributed.

The Causes of Shortages

[Question] Since budget deficits are much higher than we expected, it is obvious that these attempts are successful..

[Answer] In part, yes. The other cause of deficits is that there was much less income produced, and thus our enterprises expect more subsidies from a smaller base of resources. The deficit was increased by the fact that we solved the problems that plagued four troubled branches of our economy, and the drought of 1986 also presented a serious burden. All of this contributed to the development of an unproductive chain-reaction: the enterprises that do not meet the expectations of the market-place turn to us for subsidies, and by supporting them we are reducing the chances for increasing our income.

[Question] One of the most difficult aspects of the regulatory system is the regulation of wages, which becomes even more complicated in 1987. In spite of the existing strict tax-rates, wage-increases exceeded every expectation in 1986, what is more, in the spring we had to implement special measures to reduce labor costs at the loss-producing enterprises. And, as of now, none of the forms we tried has been able to solve the basic problem, the close interrelation between production costs and production results.

[Answer] The State Wage and Labor Affairs Office has already analyzed the circumstances of excessive production costs in 1985, and they also determined that excessive costs were largely attributable to measures of wage policies. Of course, it also came to light that the regulatory mechanism was not strict enough. Quality work has its price, but the data for last year and those available for this year again show that it is not at all certain that merely by paying more we can achieve higher levels of production, or that the products thus manufactured will be marketable. Between January and September, average wages in the manufacturing industries grew by 8.4 percent, while the value of goods produced increased only by 3.7 percent. The new regulatory system will strive to stimulate more efficiency at the enterprises, but its success will hinge upon whether or not the enterprises will at last review their previous marketing policies, and take into consideration the factors of re-structuring in their labor force management. Wage regulations and other measures concerning labor policy will attempt to strengthen such incentives and create the conditions for rational labor force management. This is reflected by one aspect of the regulatory system: in the case of regressive enterprises whose production level is declining, the sum of payable wages will also decline in proportion to the declining level of production. One key factor of effectiveness in wage regulation is this: does the thinking of enterprise managers contain motives that encourage productive employment.

There Are Many Exceptions

[Question] On the other hand, in addition to the reduction of labor costs, next year's economic goals will also likely include preventing further growth in the budgetary deficit. Can we expect another increase in taxes, even though the present rate of withholding is already exceptionally high?

[Answer] I would be more likely to say that the general rate of income-withholding is high; at the same time, there are a great many exemptions, allowances and, of course, subsidies. We must realize finally that we can no longer maintain the present system of supports, when each year newer branches and enterprises count on monetary support from central sources. According to plans, next year the reorganization fund will receive no more money than what was spent this year. On the other hand, if the limits are once again exceeded, the expenses incurred will have to be borne by the enterprises.

[Question] Our achievements, and especially our exports, must grow next year. It is questionable, however, whether the regulatory system will offer suitable opportunities for the enterprises, or will they wait for a more favorable period?

[Answer] I do not believe that this year anyone expected a relaxation in the regulations. This is especially true for rules concerning wages, and this is indicated by the wage increases implemented at the end of last year. At the same time, it is also true that many people delayed exports, figuring that prices would rise. During the next year it will be futile to hold back production, because the regulation of exports will be more balanced. In marketing that involves hard currencies, the incentive role of exchange rate fluctuations has been strengthened, since we devalued the forint. By modifying the rules of socialist exports, the incentive of enterprises will be more consistent with marketing trends. In my opinion, neither the economic leadership nor the enterprises are served by artificially creating factions with debates concerning the regulatory system, thereby diverting attention from the basic requirements of diligent, careful and market-oriented work. No amount of regulation or subsidy can substitute for productive economic achievement and adaptation to the market.

12588
CSO: 2500/84

NEW ECONOMIC REGULATIONS EVALUATED

Budapest MAGYAR HIRLAP in Hungarian 13 Nov 86 p 5

[Article by Maria Lakatos; "The Focus is on Wages"]

[Text] The modified regulations for 1987 have been published. These legal guidelines that will provide the framework for the development of plans and strategies for the next year do not contain basic changes. It also appears to be clear that 1987 will not bring less strict regulations or a reduction in the size of state withholdings...

A few days ago, issue number 46 of the MAGYAR KOZLONY published the regulations for 1987. There are no significant changes to rankle the managers of enterprises, except for the area of wage regulations, where once again the rules are becoming stricter.

Before discussing the details, however, it may be worthwhile to review what our achievements have been for the past year. The unfavorable tendencies noticed during the first few months continued to make their effects felt, so the first nine months of the year were characterized by reduced achievements. Following last year's decline, the national income has increased, but it has not reached the planned level, just as exports have also fallen below expectations. Labor cost exceeded achievements by so much, that real wages continued to grow at a rate exceeding plans. On the other hand, several enterprises improved their efficiency, and positive structural changes have also been initiated.

Two Demands

The present modification of the regulatory system aims to correct the shortcomings of the system already in effect. At the same time, preparations are being made to introduce far-reaching changes in the taxation system in the coming years. This modification satisfies two demands: on the one hand, it aids efforts aimed at improving export-readiness and efficiency, and on the other hand strives toward reinforcing the selectivity of regulations.

The aspect of economic regulations that touches most people is the modification of wage-regulations. The gist of this is that the connection between wages and performance has been strengthened, in such a manner that elements of lump-sum wage regulation have been emphasized. In other words,

taxation will be adjusted according to changes in the sum of wages, instead of averages.

Previously, regulations distinguished four categories: enterprises operated within the framework of wage-levels, wage-growth, the central control of levels and the optional strict central oversight. Now the category of so-called strict central oversight-into which enterprises could ask to be enrolled annually, if they did not wish to use the form prescribed for them-has been eliminated: Next year they can only use the form in accordance with central classification. The regulation of wage-levels will function somewhat more broadly then before, under the name of individual lump-sum wage-regulation. When it comes to regulating the growth of wages, in the future enterprises will pay taxes based upon the summarized growth instead of the average wages. Central regulation of average wages will be continued in areas where the maintenance of earlier work-force appears justified (coal-mining, electric energy production, postal services, etc.)

One of the new forms is the central regulation of lump-sum wages; the areas coming under this category include the foundry industry, the mining of bauxite and other ores, and the manufacturing of bricks, tiles and other crucibles. In these activities, efficiency could also be improved by reducing the size of the labor force. It will be a general condition that an enterprise is only to be maintained if members of its work-force are efficiently utilized. This is encouraged by the above mentioned factor: the regulation of lump-sum payment is strengthened, so that when labor force is reduced and the performance remains constant, a significant portion of the departed workers' wages can be distributed among those who remained in place. Another part of the new regulation is that the enterprises increase their lump-sum wages by only half of the increased production value, and reduction in the size of earnings be also similarly limited if production level declines. Utilizing wages in excess of the average is burdened by a 300 percent tax rate; also remaining in effect is the special tax for enterprises that increase average wages in excess of 10 percent, and the punitive tax paid by those enterprises that use their depreciation rate for increasing their wages. In general, there will be stricter tax measures applying to wage regulations: for example, under individual lump-sum wage regulation enterprises will pay an average of 1,800 forints of excess tax for every employee.

The Most Important Element

It is not difficult to project that the enterprises will try to channel the forints they are not paying out for work performed during regular working hours by utilizing the services of enterprise economic work-teams, and mention was made of tightening the regulations concerning the work-teams accordingly.

The most important element of economic regulation is the improving of export achievements. In this area, the system of regulations was already modified in September 1986: the forint was devalued by 8 percent in its relation to hard currencies, and measures were introduced to prevent a domestic price hike resulting from this. Thus, according to most concepts, the devaluation serves primarily to increase the incentives of exporting firms, and profits will also be reaped by them. Efficiency demands are also becoming more strict in our ruble-based exports.

In order to maintain regulatory stability after the first of January, there will be no changes in the general tax rates. In other words, taxes on general profits, wages and accumulation have not been changed. In certain specified areas the enterprises will receive nominally favorable treatment: they will not be required to pay accumulation taxes on investments for purposes of environmental protection and job safety, and similar exemptions will cover projects aimed at developing the network of social employment. A minor change in wage regulations is represented by the clause, according to which the first three days of all type of sick leave will be compensated for by the enterprises. As for innovations, their monetary compensation will not be accounted against the general incentive funds, but will be accounted for on the basis of actual cost. At the same time, there will be fewer individual exemptions granted in wage regulation: there will be no more exemptions on capital equipment in four branches of the textile industry. It is to be hoped that the management practices of the next year will be influenced by the already applicable decrees concerning the reorganization and closing of state-owned firms.

The Only Way

Among the great changes for next year is the creation of a two-level banking system, which could contribute to the more efficient use of capital and the quickening of capital transfer. It is expected that, through a modification of decrees concerning economic associations, after the beginning of next year it will become possible to establish share-issuing concerns and limited liability companies without specific government permits, as long as they operate only with the participation of domestic firms.

As the above described changes reveal, there is only one way for us to progress and improve efficiency: the continuation and deepening of economic reforms. (To be continued.)

12588
CSO: 2500/83

NEGATIVE EFFECTS OF REGULATIONS ON PRIVATE ENTERPRISE

Budapest OTLET in Hungarian 6 Nov 86 p 14

[Article by Geza Kovacs, senior associate of the Labor Research Institute: "Energies Held in Check"]

[Text] "People are jealous of our incomes, but they fail to see how hard we work for our money."

The customer, at the mercy of tradesmen and looking for one that would undertake to perform a job for him, is frequently rejected around this time of the year. The response is usually this: "I am sorry, Sir, but I am not accepting any more work for this year: I do not want my taxes to become astronomical. Look me up next year!" We wonder if the same kind of surprise awaits those who turn to the [enterprise] work-teams as the end of the year approaches?

Regrettably holding performance in check and letting production opportunities remain unused is not unheard-of in the sphere of [enterprise] economic work-teams either. Of course, one should not attribute this to the influence of the point of view relying on base periods. Instead, the reason for energies held in check by the work-teams is usually their fear of progressive income tax. In this respect the members of the work-teams are in a similar situation with the private tradesmen. Although they can manage their incomes in a more flexible manner than the private entrepreneurs, the gist of the matter remains that the harder they work the larger the portion of their profits they lose. It is hardly worth increasing achievement at the point where 700-800 of each 1,000 forints earned remains in one's pocket only temporarily. This is why those with more experience simply shut off their machines: this way they save more in energy than the amount of profit at the year-end closing.

How does this make sense as far as the state is concerned?

The logic of tax regulations is clear. In formulating tax rates, the aim was to assure that the amount of legally obtainable income should not be higher in the private sector than elsewhere. If there are corrective measures, at most those help people to keep pace with inflation. Today the "tolerable" income ceiling is somewhere around 20-25,000 forints per month. The limitation is justified with the reasoning that it would be incorrect to allow too great

disproportions to exist between the various social groups. But the reasoning is faulty: Who can determine what amount of earning is reasonable and where the level of unjust income begins? But this is not the only worry: This approach to income withholding is totally insensitive to society's desire for goods, as demonstrated by market demand. Is it reasonable to assume that the existence of exceptionally large individual incomes (earned by work!) is more conducive to social tensions than the condition in which it is impossible to find anyone to manufacture certain shortage items, and outstanding, even exportable, ideas remain undeveloped?

An especially sensitive issue involves the retired entrepreneurs. They cannot even earn more than 60,000 taxable forints a year, because if they do, they lose their pensions. The complaints are entirely justified: "This regulation amounts to the preventing of diligent, energetic and healthy 60- year-old people from practicing their profession. Who benefits from this? After all, if I win a lot of money on the Lottery, I will not be punished; but if I earn it by working, I had better watch out!"

Beyond the rational, economically justified calculations, there is another reason for holding oneself back: fear. Fear of suspicion ("How can he afford this?"), fear of a freeze in economic policies, fear of the recurrence of negative historical experiences. As a leader of an economic work-team blurted out, "Unfortunately, in any conflict we have always been the most likely to get hurt. People are jealous of our incomes, but they fail to see how hard we work for our money. Therefore, it is better to hide behind insignificance and always be ready for the last judgment."

The entrepreneurial layer able to mobilize material energy and knowledge is too thin, in comparison to the needs of our economy, to shrug off this kind of spectre, or to call it unjustified pessimism. Perhaps the economists belittle the historical significance of confidence, but businessmen are quite sensitive of it. We should not permit the favorable experiences of economic enterprise to become abstractions, while every entrepreneur directly feels the general restrictions burdening each of the economic undertakings. It is to be feared that the unspoken words, the delaying of concrete supporting actions will result in the creation of a devilish cycle: people who are afraid of the future will take advantage of the present; they will become involved in desperate undertakings instead of choosing the long road of honesty. In the end this could evoke punitive measures.

This "social trap" is already claiming its victims. Not every get-rich-quick individual started out as a confidence man. One of these changed persons said, "Initially, we would have liked to start our enterprise with a sizeable capital and would have liked to increase production by taking advantage of the good market conditions. Large capital--hard work--high earnings: these were our goals. But I no longer believe that it is possible to achieve these with honest methods. Our great endeavors drowned in the impotence of the bureaucracy connected with foreign trade; even the most basic items could only be obtained through corruption; and I met with nothing but suspicion in the administrative offices. It cannot go on like this. I choose the same course so many others have: I quietly deal with this and that, and as for my capital, I will take it where it cannot be traced."

The under-utilization of existing capacities is a danger everyone can feel, and it could be remedied by a few simple measures aiding economic management. At the same time, there is another danger, at least as damaging: There are numerous private entrepreneurs who consider it risky to take advantage of the opportunities for long-range development. This problem is much more complex. It could only be changed if the idea and practice of "confidence-strengthening measures" would spread from the sphere of international diplomacy to that of small private enterprise.

13201
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PARTY DAILY NOTES NEGATIVE TRENDS IN SMALL TRADE SECTOR

Budapest NEPSZABADSAG in Hungarian 21 Oct 86 p 1

[Article by Gabor Falus: "For the Future of Private Craftsmen"]

[Text] The old craftsmen are going into retirement. Their successors are not always working in the same spirit as their forefathers. One noticeable indicator of this, which is frequently experienced by the clients--especially in the shortage trades--is that the new tradesmen are choosy as to what service they perform.

The statistics show that a great number of shoerepairmen, cabinetmakers, upholsterers and other craftsmen permanently retire from their trades. Fewer and fewer individuals follow in their footsteps, and those who replace them in the shortage trades do not always take the interests of their customers into consideration. This in spite of the fact that, being that there is plenty of work, there should be opportunities to rationally synchronize interests to the satisfaction of both parties. Moreover, if a craftsman gains a bad reputation--even if he works in one of the shortage trades--sooner or later he will have fewer customers and his earnings will decline.

By the way, it is frequently said of the successors that they know their business and are often better trained than their elders. This is good. Less praiseworthy is that they are frequently impatient; if they do not get rich in a few years, they quit. As laudable as the fact is that 40 percent of the 143,000 craftsmen presently providing services and goods are around 35 years old, the great turnover among the craftsmen is at least as noteworthy: between 1981 and 1985 there were a total of 134,000 new craftsmen licenses issued, while nearly 94,000 individuals turned in their licenses. The number of full-time craftsmen has declined, while there are more who pursue their trade as a second source of income while employed elsewhere or drawing a pension, because this way their tax burden is less severe. Still others have joined recently formed cooperatives or work-teams.

What could be the cause of such a great turnover? The National Organization of Artisans (KIOSZ) is preparing to evaluate the work of the past five years. The national meeting of delegates will be held in December, but in the course of already held local and district meetings the participants responsibly discussed this issue, among others. In summing up the opinions voiced at

these meetings, it has come to light that the difficulties associated with raw material and spare parts supply and the unsolved problems of technological development play as much of a role in this phenomenon as does the fact that, with the growing number of small entrepreneurs in some trades, a competitive situation is beginning to develop, but not every craftsman is ready to acknowledge this.

Valuable proposals were put forth at these meetings. Several speakers thought that the small craftsman should be provided with incentives for technological innovation: this would be especially important for performing auxiliary services and enlarging the selection available for the customer. According to others, it would be useful to introduce organized leasing of machinery in all trades, as has been done in the building trades. Several forums proposed that small craftsmen should be able to obtain the necessary spare parts as easily as other management units. And we must pay especially close attention to the proposal according to which service-providing craftsmen working in small communities should receive increased support, because one of the requirements for preserving the population in these localities is the availability of a shoerepairman, tailor, hairdresser, or appliance repairman.

In our country, 60 percent of the residential services are performed by private craftsmen. In small communities, in outlaying districts and in the large apartment complexes, they perform an even larger share of these functions.

And while the change of generations is proceeding among the small craftsmen, we should also consider providing suitable conditions for their work; only then can they properly fulfill their duties in the long run.

13201
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OPERATIONS OF SKALA CO-OP ENTERPRISE DISCUSSED

Budapest NEPSZABADSAG in Hungarian 13 Nov 86 p 5

[Article by Zsuzsa Gal: "Face to Face: Expectations That Create a Storm"]

[Text] "Sow the wind, reap the whirlwind," goes the saying, and there may be no other segment of Hungarian economy for which this is more apt than the operations of Skala. A good ten years ago, when it opened its first department store and--with its fresh approach and boldly new, though somewhat controversial methods--made a splash in the tepid waters of large-scale merchandising, it attracted a flood of justified and unjustified accusations from its competitors who were awakening from their slumber. Now that the Skala has grown to be a large organization, obtained a business house license, and not only pursues merchandising activities on the small and large scale, but produces and employs producers, export and import commodities, establishes multinational enterprises, trains managers, builds factories and even entertains the idea of entering banking operations--the controversy surrounding it is again, or to be more exact, still raging.

"Where is the sequel to the spring tomato-campaign?" the consumer asks irately. "How come the 'famous Skala' is unable to undercut the vegetable prices now?"

"[The Skala] is involved in shady dealings," proclaim the foreign trade representatives.

Let me add my own two cents' worth to all this: I suspect that certain foreign trade actions of this highly profit-oriented organization at times may serve to the detriment of either the national economy or the consumers. They may hurt the national economy when, through the channels of the Skala World Trade, [the co-op's] foreign trade branch, genuinely valuable goods are traded abroad for less valuable articles; and they may hurt the consumers when the co-op sells the imported products at high prices, earning huge profits.

Although this is only a fragment of the spoken and unspoken accusations, it is more than enough to warrant a face-to-face confrontation with one of the persons involved. Istvan Hauck, deputy managing director of the Skala in charge of foreign trade activities, undertakes the challenge of answering our questions. He is not yet 36 years old, has been the foreign trade director of

the firm since 1980, and since that time has become a doctoral candidate in economics.

The Competitors' Accusations

He arrived at the elegantly furnished lounge with a bundle of documents. The majority of data was brought along to demonstrate that the authorities have been trying to place administrative obstacles in front of nearly every action initiated by the Skala, while others were there to show that in spite of this the multi-faceted activities of the Skala have been dynamically growing.

"Here," Istvan Hauck points out, "four years ago our foreign trade volume was only 1.2 billion forints, and this year we have reached the 6 billion level. We played a pioneering role in the creation of multi-national enterprises. When we were first offered the business house license, we did not accept it in the form it was constructed, because it placed us at a disadvantage in comparison to three other firms. In the end, we reached a compromise, because this license was very important for us. Still, when it came to undertaking foreign trade deals, we received only a loan from the National Council of Cooperatives, not an outright subsidy like the other three department stores."

First, perhaps we should talk about the accusations levelled at the firm. It is said that Skala World Trade snaps up the easily exportable goods before the other, traditional foreign trade enterprises and, instead of selling them for dollars as the others would, trades them for consumer items. Another charge is that in calculating its foreign trade activities it provides prices in such a complex manner that it hides the values that are being exchanged.

"Obviously these are charges made by our competitors. We have never been directly confronted by any of these claims by anyone, and no one can, because these claims are without proof. In fact, I claim that the opposite is true. I further assert that in every one of our deals we have obtained at least as good prices as the other firms operating in foreign trade, and in several instances we have paid less."

They also claim that in proportion to its volume the Skala employs a very large work force; thus, it is not efficient. If I am correctly informed, you presently employ 250 people for a foreign trade volume of six billion forints.

"That is correct. I must add, however, that a foreign trade organization needs no other investment than good professional employees. But when an employee joins us, he is not fully trained yet; at least six months, and more likely a year, is needed before he becomes a good representative. Indeed, compared to today's volume our work force is rather large, but this size enables us to increase our volume by 50-60 percent annually, as we have been doing. Which other company can claim such a growth in volume?"

I do not know, but it is easy to increase a small volume by 50 percent. Let us look at tomatoes: In the spring you were paying hard currency for it, with the promise that you would export Hungarian vegetables and fruit when there were enough of these items on the domestic market. And you also promised that you would force down the domestic prices by importing some goods.

"When the warm weather arrived, we in fact sold some currants, gooseberries, onions and green peppers to West Germany, at a higher price than we paid for them in the spring. As for forcing down the domestic prices, all I can say is that we maintain our goals: we are exporting and importing. We still have plans for the future."

Investments in Production

Our conversation is becoming less tense. Istvan Hauck continues:

"I want to emphasize that the business house license is of great importance to us, even if we are working under many limitations. For example, we are not allowed to conduct selection exchange with the Soviet Union and cannot export numerous products to the countries of the Common Market. Now that the Hungarian wine export is foundering, we could sell bottled wine in West Germany. Since we have a good relationship with co-ops in that country, our partners would readily exhibit these wines. However, we are not authorized to do this."

But the increasing foreign trade volume you mentioned above indicates that you are able to produce even under these limitations.

"We are primarily involved in the exchange of goods, but we are also successful in cash transactions, as our active balance of 10 million dollars indicates. In view of our competitors' sensitivity, we focus our efforts on new markets, offering goods that have seldom or never been exported before. For example, we get hard currency for the ornamental and decorative products of the Oroshaza Glass Company. We found a Western market for Hungarian cigarettes: in accordance with the West German buyer, we package these with Turkish lettering, for the /Gastarbeiter/ in that country. The Kiskunhalas Knit Goods Factory, which has been acquired by the Skala Co-op, still exports half of its products through its traditional partner, TRICOTEX, but we have also sold several hundred thousand dollars' worth of it, which augments their exports."

"Under the provisions of the business house license, we maintain production contracts in various areas, sometimes using our own capital equipment, and export the goods thus produced. Among other projects, we invested in the Kisvarda Foundry Enterprise: using money received from us, the firm purchased machinery suitable for production of marketable foundry items, which we sell to West Germany. We have also invested in the wood industry: the machinery purchased for the plant at Hidas will bring in enough hard currency next year to cover its own cost. We have even ventured into animal husbandry: we purchase lambs, place them on Hungarian farms, obtain feed and breeding stock for them, re-purchase the raised animals and export them through the manager of the project, TERIMPEX."

Multi-National Firms

At the beginning of our conversation you mentioned that the Skala Co-op is one of the pioneers in the founding of multi-national enterprises.

"I believe that our HBH mini-breweries, which we established in cooperation with our West German partner, are already familiar. This year we will deliver

the first Hungarian-manufactured brewery to Dusseldorf, where we already have a buyer for it. Next year we will export twenty breweries, not only to European countries, but elsewhere too, for example to China. We have established a multi-national firm for the manufacturing and assembly of paint-spraying equipment. Until now, equipment of this type had to be imported: now, through the multi-national, we will obtain the production method; we will be able to supply Hungary's small plants with the increasingly needed paint-sprayers. We are now creating a multi-national for assembling color television sets and VCRs, and thereby enlarge the availability of these on the domestic market."

It is interesting that you come up with this now, when the domestic availability of color television sets is nearly balanced and there is an opportunity for a real competitive situation to develop. What quantity could we expect?

"Utilizing a start-up capital of 20 million West German marks, we formed a multi-national undertaking with the Stuttgart affiliate of the American ITT, the Standard Electric Lorenz (SEL), taking on the name SELECTRONIC. The enterprise is 65 percent Hungarian-owned. We set up the plant on Nagyszombat Street in Budapest, where--and I feel that this is very important--we employ the latest robot technology. Thus, even during the first year, we can assemble some 40,000 sets employing only 70 workers. In a year and a half we will be using domestically manufactured parts. Within five years the production level will double, it will reach 80,000 sets. We will manufacture not only analog but also digital sets, and this answers your question: these sets will be marketable even in the most competitive situations. By the way, the SEL will purchase back an increasingly larger number of sets: 10,000 next year, 20,000 the year after, and 40,000 later. As for the VCRs--initially 1,000, later 30,000 produced annually--they will remain on the domestic market. SELECTRONIC will become the largest multi-national manufacturing firm in Hungary."

Fault-Finding or Recognition?

Istvan Hauck enumerated the multi-faceted activities of Skala World Trade. He told us how, with the cooperation of Italian experts and using new machinery, his firm is preparing to manufacture a fashion-line under the name MODACOOP and that they will create a new brand-name, Golden Delicate, for their exported food items, thus making it more marketable in Austria, Japan and West Germany. The project is managed by SWT: it leases machinery abroad to facilitate packaging, and sub-contracts this work to agricultural cooperatives; this way the export onions will be packaged in a more modern way. He also talked about Hungarian jam and how last year twice as much of it was exported as a result of a SWT-sponsored meeting between the project manager HUNGAROFRUCT and buyers from Canada and the USA.

All of this is convincing, even if it does not counter the charge that Skala World Trade barters products that could be sold for hard currency cash. Istvan Hauck is probably right when he attributes this accusation to his competitors. It is easy to imagine that, seeing Skala's activities, the old traditional foreign trade firms would worry about their positions and package this worry in the guise of national interest. On the other hand, it is the

general impression of customers that Skala's domestic prices are higher than those of other enterprises.

At the end of the conversation I bury my hatchet, because I am convinced that in a situation where the ossified firms can feel secure, where nobody criticizes them for their lack of imagination and inability to progress, it would be irrational to attack those who continuously renew themselves, demonstrate their enterprising spirit, and handle themselves skillfully on every market.

13201
CSO: 2500/73

BARTER TRADE IN CONSUMER GOODS WITH BLOC COUNTRIES

Gdansk GLOS WYBRZEZA in Polish 16 Sep 86 p 2

[Text] The Elblag branch of Spolem is increasing efforts to enrich the province's market through the non foreign exchange barter trade of commodity surpluses from this region for products from the Kaliningrad district of the USSR as well as from Hungary, Bulgaria and Rumania.

During the next few days, the latest series of 300,000 cans of fish from Kaliningrad will appear in Elblag Province stores. There will also be 5,000 Soviet flatware sets and a considerable number of children's toy cars. In return for this, clothing articles from Truso and products from the Plastyk Cooperative in Elblag which were produced in excess of demand will be sent to Kaliningrad.

There will shortly be another shipment from the city on the Pregola [river] of fish canned goods, meat grinding machines, excellent quality electric irons with thermostats and steam, as well as bed linens.

Spolem is also expanding cooperation on the same basis with Hungary. Tents and compressed air-mattresses have been sent already this year to Elblag Province stores from the country on the Danube. In September and October shipments of chocolate products, poultry and meat canned products, cosmetics, and carpeting will arrive.

During the fourth quarter of this year, agreements will be signed pertaining to the non foreign exchange barter trade of goods from the Elblag Spolem with Romania and Bulgaria. Talks with Czechoslovakia and the GDR will also continue.

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METALLURGY COOPERATION TALKS WITH CSSR

Katowice TRYBUNA ROBOTNICZA in Polish 16 Sep 86 p 2

[Text] Yesterday, on the 15th of this month, 3-day talks began in Katowice between Polish and Czechoslovak specialists from the field of metallurgy on the subject of long-term cooperation up to the year 2000. From the Czech side the following are taking part in the meeting: representatives of the Federal Ministry of Metallurgy and Heavy Machinery Construction, of the General Management of the Iron Industry in Prague, of the Witkowice Metallurgical Consortium and of other metallurgical plants in Czechoslovakia. From the Polish side, the following are present: representatives of the management boards of Lenin Steelworks, Katowice Steelworks, the Institute of Ferrous Metallurgy in Gliwice, and from specialistic design offices. The meeting is being held at the initiative of the ministries of metallurgy of the PRL and the CSSR.

The purpose of the meeting is to work out a complex program of cooperation between both ministries that would include, among other things, problems involved in design planning, scientific-research work, licensing, environmental protection, and scientific-research cooperation.

The cooperation between Polish and Czech metallurgists, particularly from Katowice Province and the region of Ostrava has a long tradition. Currently, however, what is of importance is to raise this cooperation to a higher level that would correspond more to the needs and potential of the metallurgical industries of both friendly nations.

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CRITICAL SITUATION, PROSPECTS OF COAL SUPPLY DESCRIBED

Katowice TRYBUNA ROBOTNICZA in Polish 20-21 Sep 86 p 3

[Article by Andrzej Wozniak: "What Is Happening with Coal?"]

[Text] Never before has there been so much waiting in line, so many complaints, so much irritation and anxiety as this year and already during the summer, in heat supply agencies. In our country, which belongs to the top world producers of this fuel, coal has become probably the most sought after commodity that is very frequently sought after in vain. Without reaching for examples of Dantesque scenes that unfold, for example, in the rural communities of Lublin--something that I have observed with my own eyes--even here in the region of Slask and Zaglebie, where 98 percent of the black fuel is mined, the obtainment of a ton of coal constitutes a problem. In the agencies providing coal for heat there are long lines throughout the country, it is difficult to implement work [coal] allowances, deadlines are drawn out endlessly, small-scale mining sales have been for all practical purposes suspended whereas a cart of coal collected from dumps has reached downright Pewex [foreign currency stores] prices.

People have the right to be furious when hearing, looking at or reading about reports claiming the good work of miners, although this is the honest truth because since the begining of the year mining crews have mined nearly 128.3 million tons of coal. Nearly 635,000 tons of hard coal are mined on an average daily from Monday to Friday; i.e., on so called black days, and more than 615,000 tons on Saturdays which for a considerable part of the public are free from work. And it is also true that for the most part the coal mined in August--and this amounted to 16.4 million tons--was appropriated for the public and for industry and also for reserves for the fall-winter period in heat and power generating plants, and power plants.

The only thing is that for all intents and purposes, mining has maintained itself for several years now at an unchanged level and due to investment restrictions--will not grow. According to the plan assumptions for 1987, coal production will attain a level of 192.5 million tons, therefore, it will grow barely 0.3 percent; i.e., almost unnoticeably.

Shortsightedness

Unfortunately, during the past 5-year period no building of new mines has been initiated and investments in functioning mines have been curtailed. However, it is worth knowing or rather recalling--because we have written about this several times--that only to regenerate the already existing exploitation front, the coal industry must annually increase its production potential equal to the amount mined by one to one and a half mines.

The shortsighted opinions that were very popular in certain economists circles and particularly strongly propagated 3 years ago regarding the over-abundance of coal are venging themselves. At that time, this theory was outwardly valid because--let us recall--even the Gmina Peasants' Mutual Assistance Cooperatives refused, specifically in 1983, to accept coal transports. There were no reserve warehouses. It was not observed, however, that industry was operating at half of its potential at that time. Let us take a look at the table below which presents the use of coal for production purposes.

YEAR	CONSUMPTION
1980	133.6 million tons
1981	120.3 million tons
1982	120.6 million tons
1983	124.4 million tons
1984	129.1 million tons
1985	130.6 million tons

It follows from this that during barely 4 years, from 1982 to 1985, the consumption of coal for production purposes rose more than 10 million tons. It would have risen even more had it not been for the implementation of the conservation program which brought rather unexpected, even measurable results.

However, our economy continues to be excessively fuel and energy intensive but we should bear in mind that that which had been shaped over 4 decades will not change from one year to the next. This requires extensive structural changes in industry whereas all actions performed so to say, under pressure or out of necessity, create another supply gap. A classical example of this is the cement industry. This is a highly fuel intensive sector due to outdated technology. Coal allotments for cement plants have been cut drastically and as a result, cement has for all practical purposes disappeared from the market and like coal has become the subject of speculation. And yet, the overly small dimensions of housing construction are generally criticized as attested to by the stand of union members.

It is also difficult to think about reducing coal exports that would have an effect on supply of the domestic market because these exports constitute the main source of free foreign exchange and, therefore, indirectly also decide about the flow of supplies to the market of many other products of which there continues to be a constant shortage, not to even mention such goods as lemons but to at least mention the need of long cotton underwear. Cotton has to be bought with something.

The Costs of Technology

I am writing about all this to demonstrate that all hope that heat supply agencies will urge the buying of the coal to which people are entitled and that even the most fussy client will leave happy--that all these dreams should be cast aside for a rather undetermined period of time into the future. These hopes are all the more unrealistic that it is difficult to count on--despite great efforts by the miners--the increase of the supply of the most sought after grades of lump coal [wegiel gruby]. The economy and technology are merciless. The strict principle of one thing for another [cos za cos] is binding in these two fields. Since coal mining combines have gone underground, there can be no more rounds of coal [kesow]. The mechanization of the mining and hauling of coal had to by its very nature cause the rapid decrease in the percentage share of the lump coal assortment in the total amount of the coal mined. This share came to only 16.6 percent. Specifically this year, of the 192 million tons of coal planned to be mined, there will be only 31.8 million tons of lump coal assortments. And there is no sense hoping that in the very near future these proportions will undergo radical changes. There is no retreating to the days of the pick and shovel, and nothing has been invented yet that would enable the construction of a combine that would not cause the coal to crumble but would mine only the widely sought large coal lumps.

Causes

This lump coal is not only the most sought after by the nation's heat supply agencies but the most profitable in exports. Despite this, however, the decision of the Government Presidium of July of this year reduced the export quota of lump coal by 300,000 tons with the thought of better supplying the country. This year, we will export a total of only 3.3 million tons of coal. Therefore, this represents roughtly one-tenth of that which is allocated for use within the country. Thus, it is difficult to talk about some sort of grab export oriented policy [polityka rabunkowa] with regard to lump coal despite the fact that the economy is hungry for foreign exchange.

"What of it," smirks the reader, "when there is a shortage of coal in the heat supply agencies..." And he is absolutely right--something that the above presented information in no way wishes to undermine.

The roots of the current total deregulation of the market are deeply embedded in the price policy, in the treatment of coal not as a useful commodity but as a motivational instrument in the area of agricultural production; they lie in the system of distribution which for all intents and purposes even the devil himself cannot understand; and they lie in the dispensing with other fuel raw materials such as: brown coal, wood, and peat coal. This was the result of the abandonment of the manufacturing of appropriate furnaces and boilers.

These are so to say structural causes--objective ones. However, certain hasty decisions also had an effect on this specific situation on the fuel market at the turn of this year's fall season. But more about this in the next article.

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STATUS OF SMALL-SCALE MANUFACTURING IN BYDGOSZCZ

Bydgoszcz GAZETA POMORSKA in Polish 19 Sep 86 p 2

[Text] Yesterday's last meeting of the Provincial PZPR Committee executive board, which in part summed up the activity during a period of over 2 1/2 years, was primarily devoted to the evaluation of the possibility of expanding market production by means of small-scale manufacturing and through cooperative organizations in the province. The discussion that evolved during the meeting, therefore, reflected to a considerable degree the expectations of the public for a better supply of the demand for food products, industrial goods of everyday use, and services.

There are nearly 31,000 persons (approximately 20 percent of the overall number employed) employed in small-scale manufacturing plants in Bydgoszcz Province. Their work has a significant effect on the flow of supplies to the market and on restoring total money-market equilibrium. The value of sold production in 1985 came to over 40 billion zloty with a 6 percent growth rate in comparison with the previous year.

The greatest percentage share (71 percent) in it is that of the production of food goods by cooperatives and by skilled trade plants [zaklady rzemieslnicze]. The demand for baked goods is being met but the use of the production potential, for example, in Spolem bakeries comes to 105 percent. The production potential of certain dairy products, e.g., aged cheeses and powdered milk is used to a maximum degree. On the other hand, the possibilities of meat processing plants are not being utilized fully because of the insufficient supply of raw material. The production of nonalcoholic beverages meets consumer needs. Supplies of delicatessen products are at the same level as last year. However, the supply of fish and fish products has decreased. Fruit and vegetable processing plants must flexibly adapt their production to changes in the demand.

Industrial products are manufactured primarily by union cooperatives belonging to the WZSP [Provincial Union of Producer Cooperatives] and to the Regional Union Cooperatives of Disabled Persons. The market has become saturated with, for example, small household-use articles, certain toys, batteries and upholstered furniture.

The skilled trade industry is growing. In 1985, the number of skilled trade plants came to 9.079; i.e., 2,843 more than in 1981 and with 7,000 more employees. They [skilled trade plants] implemented a market production estimated at approximately 8 billion zloty. The renewed operation in recent years of a portion of these plants resulted from the economic situation and the striving for the quick attainment of high revenues. It is envisaged that between 1986 and 1990, skilled trade production will double. However, this is not very realistic because this would indicate the taking over by the skilled trade industry of more than 50 percent of the work force growth rate in the province. Much criticism is being aimed at the quality of the production of small-scale manufacturing plants.

The discussion of the executive board revolved around these problems. It was asked, for example, what kind of action is being undertaken for the improvement of the quality of skilled trade production and what the directions of its development are; how the problem of inadequate number of service shops in new districts is proposed to be resolved; why there is an inadequate production of culinary semi-finished products and how the free market sale of meat will effect the assortment of delicatessen products; and why private bakeries that have a good reputation are not adequately utilized.

The answers to these questions were given by, among others, the representatives of the department of Small-Scale Manufacturing, and of the trade department at the UW [University of Warsaw] as well as by representatives of institutions whose activity was being evaluated.

The members of the executive board confirmed, among other things, that the issues of the flow of supplies to the market and the accessibility of services--as issues having a bearing on the living conditions of the public--find themselves at the center of attention of the party. Entries regarding the development of small-scale manufacturing are part of the resolutions of the 10th congress and will also undoubtedly be contained in the program for 1986-1990 adopted by the provincial reports-elections conference. Recent years have brought about production progress to small-scale manufacturing. However, continued development must conform to the needs of the public both with respect to the production profile and services, and the locality. Rural communities and new housing communities should, for example, receive preferential treatment. Systematic attention will be placed on the problems of the functioning of this sector of the economy by PZPR organizations and echelons.

The Provincial PZPR Committee in Bydgoszcz has also made cadre decisions. Among other things, the election of Comrade Benon Slupikowski, a long time party activist and most recently the president of SKR in Mrocza, to the post of first secretary of KMG PZPR in Viecborek was approved. Comrade Grzegorz Glowacki, who until now had held this office, began his doctoral work in the USSR.

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KIELCE PZPR OPENS ECONOMICS SCHOOL

Warsaw TRYBUNA LUDU in Polish 18 Sep 86 p 4

[Article by Tadeusz Wiacek]

[Text] Kielce. At the initiative of the Kielce Voivodship Committee of the PZPR, this city has founded the University for Economic Study [UWE] whose purpose will be to organize lectures and seminars, to train instructors and lectors on selected problems of economic theory, to compile textbooks on economics, and to offer assistance in publishing economic studies. Its main task will be to organize meetings with distinguished representatives from the field of economics and practical management. The most pressing problems of existing socio-economic policy in Poland and necessary management questions will be discussed in addition to economic theory at seven planned meetings. Those taking courses at the UWE are managers of plants, lectors and instructors of ideology, and other interested individuals.

Prof Janusz Gorski announced an inaugural course on "Contemporary economic ideas in western countries and the advances made in economics by the socialist countries."

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OFFICIAL DISCUSSES OPERATIONS OF LJUBLJANA BANK

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22-24 Nov 86 p 3

[Interview with Stanislav Valant, vice-president of operating committee of Ljubljana Bank/Associated Bank, by Zdravka Cicmirko]

[Text] Annual preparations for operations in accordance with the new Banking and Credit System Law at the Ljubljana Bank/Associated Bank have been completed. Its intermediate-term development plan to the year 1990 has also been brought into accord with this law. In contrast to previous periods, when the bank included in its plans the positions and goals of social and political communities which had been agreed upon ahead of time, this time it has reversed itself and made plans which should bring about financial and economic consolidation of its banking system. Stanislav Valant, vice-president of the operating committee of the Ljubljana Bank/Associated Bank, spoke to PRIVREDNI PREGLED on the role of the bank as an economic entity, on its move to Manhattan Island in New York where it has opened a new branch in the center of world capital, and on the new Banking and Credit System law.

[Question] What changes are contained in the bank's intermediate-term plan? What innovations are provided for?

[Answer] The basic changes, and the essence of our new intermediate-term plan, are involved with concentrating more on the bank, which does not mean that it will not still retain social goals of development. In the future the bank must devote more attention to its own economic and financial strength because in this way it will contribute the most to strengthening the economy. One must do away with the perception that banks are obliged to cover losses--this has diminished their financial strength. Organizations which operate with losses create a vacuum for us, and because of this we are not able to be of help to a healthy economy. This practice should be discontinued.

One should not connect a bank with carrying out the work of social-political communities in advance, or impose any kind of association upon it. A bank will seek investments of interest on its own. One should also keep in mind that banks can no longer perform the function of subsidization, which was our practice ten years ago and earlier. Funds for this should be set aside from the budget and this should be done at all levels, because a subsidy is money not returned which banks cannot afford to give up. This does not mean

that our bank will not write off interest and principal for the sake of the regular operation of economic entities. We will continue to do this, but it will be the exception and not the rule. Our resolution is, in fact, directly connected with the Banking and Credit System Law, which is indeed not precise in some sections, but its general direction is to reaffirm the bank as an economic entity. This means that it can no longer function only as a service to the economy for subsidies, for providing cheap credits, etc.

Changes Expected in Conduct of National Bank of Yugoslavia

As a part of economic and financial consolidation during the next period we will devote the most attention to balancing, or reconciling, the foreign exchange imbalance. The bank has more foreign exchange obligations than it does claims--these obligations are being constantly created for us by exchange rate differences. Before the year 1990 we plan to cover all accumulated foreign exchange differences--this will be carried out with certain measures which are already being put into effect--which is very important for increasing the standing of the Ljubljana Bank in the country and abroad. Foreign partners follow very carefully what happens in banking in Yugoslavia. Our account holders are not concerned with our balances, they judge us by our services. That is why our plan has also provided for improving all of our services--financing business, but only good, economically justified projects, advancement of exports, a better information system.

We are taking into consideration that the monetary-credit system is to be coordinated with the goals of the Long-Range Program of Economic Stabilization. Above all this means that we expect changes in the conduct of the National Bank of Yugoslavia, which influences the operation of commercial banks excessively with the policy it is now carrying out, and the result is that no one has confidence in these banks. I think that the perception has grown that there cannot be a market economy without independent and effective commercial banks.

[Question] According to the new banking law, will some of the commercial units of the Ljubljana Bank be discontinued?

[Answer] According to the new banking law the number of commercial banks will not be significantly reduced, although this was one of its basic goals. It is very much a matter of discussion as to whether the basic function of the banking law is the consolidation of the number of commercial units. Nevertheless, I think that several changes ought to be made besides those which are provided for by the law in this area. For now, the number of commercial units in our system will remain the same; in addition, we will strengthen connections between them, and this means automatic data processing, a unified information system, joint cadre policy and cadre education. The bank, in order to operate better and more rationally, must have cadres who know what banking is all about.

[Question] What's happening with the association of Slovenian banks? Recently there has been some discussion about this.

[Answer] Our long-term orientation is the Yugoslav market. We are present in all parts of the country and we are developing our banking here. I think that competition, on only a local level of course, acts in a stimulative fashion on the operation of each bank, stimulating it to be as efficient as possible in all its operations. A monopoly is not a good thing, neither for the economy nor for banking. It does not correspond with our approach, nor, I think, with the goals of our society as a whole. However, changes in the Banking and Credit System Law permit closing, and there has been some consideration in some circles along this line based on these changes.

Internal Banks Must Be Defined By Law

[Question] What about the liquidity of the bank?

[Answer] Our entire banking system is excessively "dinar" liquid. Things are different with foreign exchange, and the reasons for this are well-known. The culprit for all of this is primarily the National Bank of Yugoslavia and its expansive policy, especially during the second half of this year.

[Question] Will the banks' new role really function to serve the needs of the economy?

[Answer] To what extent we will function to serve the needs of the economy remains to be seen. Changes in the banking law are still under discussion. Some of them are thought to be good. However, all point to the fact that this law will have to be expanded primarily in the sense of differentiating and broadening the range of forms of banking organizations within one consistent system. We know what a basic bank is, but we do not know precisely what an associated bank is, and its function has been interpreted quite differently by the public. We don't have savings banks, and we ought to have them. I am not pleading for the founding of an investment bank or a commercial bank. Internal banks are not banks, and bankers have not agreed with their being founded. They are not subject to monetary authority and they operate independently, which, it is true, does not mean that they are not useful and efficient. However, the law should clearly define what, in fact, these internal banks are.

In order for the banking system to be able to offer a package of services to a market orientated economy next year, all of the changes in the banking and credit system law which have been announced would have to be precisely established by the end of the year. Unfortunately, with regard to our already habitual practice of changing laws and regulations every minute, and because this has caused quite a bit of confusion especially in the area of foreign exchange, we have so conceived the intermediate-term plan that we can supplement it every year with more specific resolutions. This is because the plan must be a completely lucid economic force, and not an act which regulates a law.

[Question] The office of the Ljubljana Bank/Associated Bank in New York--LBS--will operate as a local American bank. To what extent will it contribute to accelerating trade flows between Yugoslavia and the United States?

[Answer] This is only an implementation of our long-term development strategy. After founding mixed banks in Frankfurt, Vienna, London, and Paris, the next step was to gain the financial market in America, especially New York. According to American regulations, LBS is authorized to carry out all banking duties, from approving credit in dealing with foreign currencies, dealing in foreign exchange arbitrage, handling securities, and issuing bankers' guarantees and checks, up to doing buisiness with the local population. We figure that LBS will manage assets of $100 million in three or four years. The goal is to become a completely competitive commercial bank in the American market, to be able to offer attractive financial options to American account holders and in this way to make it possible for them to have access to Yugoslav companies, banks, and government institutions, as well as those of other foreign countries which are active in trade and financial collaboration with Yugoslavia, including developing countries.

Orientation--Large and Secure Businesses

[Question] To what extent is it really a Yugoslav bank?

[Answer] It is a one hundred precent Yugoslav bank; founder's capital at the level of $10 million has been put together by work organizations from areas all over the country. We believe that the bank will play a significant role in the organized marketing of Yugoslav business on the American market. We will do business on the U.S. monetary market in order to insure foreign exchange liquidity and inclusion in international foreign exchange dealings. I think that this will provide significant support to our exporters and will serve to increase the volume of goods exchange, not only with the US, but with neighboring Canada. We are also expecting that Yugoslav banks will perform payments turnover with foreign countries through the LBS.

[Question] You say it is a Yugoslav bank . However, according to one of your statements which was carried by the Slovenian press, LBS should not be involved in the sale of the Yugo on the American market because it is a risky business.

[Answer] Handling the Yugo is too large a job for LBS in its initial stages. We're talking about large amounts of money here, and the starting capital of our New York office is, as I have said, only $10 million. Later, when LBS has consolidated, acquired operating positions, it will perhaps take on the Yugo, under normal commercial conditions of the American market, of course.

[Question] Why is the Marlesov project Yugo Kuca a more secure business than the Yugo for the American Market, as you have said?

[Answer] No, I did not say that. My statement has been misinterpreted. We are interested in large and secure businesses. LBS is our window to the world. In this country we have to understand that money is a commodity through which

money can be earned. By turning over $10 million on the American financial market we can earn at least as much as would be earned from average interest rates on this money if we deposited it in a foreign bank. I should mention that the bank will not only be a bank for exchanging goods with the U.S.

One must also keep in mind that European countries carry out business through American banks, that developing countries operate through English and American banks. Why, then should we not operate directly through our bank. Up to now, three agencies of Yugoslav banks--Belgrade, Ljubljana, and Jugobanka have operated in New York. The difference is that the agencies are an integral part of the basic bank for whose operation the mother institution bears full responsibility, while LBS is a separate unit which takes on business risks itself for its own operation. Let me also mention that with the founding of LBS, Yugoslavia has become the first socialist country which has obtained the right to found its own bank in the U.S.

Many Laws, Little Foreign Currency

[Question] I have to ask you one more question. You claim that there are approximately 200 unnecessary articles in the new foreign exchange law. Upon what do you base your opinion?

[Answer] Since 1 January of this year, when the new foreign exchange law went into effect, dealings with foreign countries have been performed according to article 110, which concerns priorities of payments. The problem is that we have too many laws in this country and too little foreign exchange. The easiest thing for business to do is to assume "its right" and knock on the banker's window. It is much harder to acquire this right by export, cooperation, and by other forms of collaboration with foreign countries. Because of the law, the interest of the exporter has also fallen--this has been felt in local border traffic and in other forms of exchange. Earlier, when business was carried out according to the old foreign exchange law, these forms of exchange were interesting. Probably some changes in priorities of payment will have to be made.

The pressure on banks is enormous because of the excess number of laws. Payments turnover should not stop, after all, this has not been written in the law. This is not a criticism of the law, this is plain reality. As a banker who knows all that is happening concerning the so-called priority of payments law and the sort of headaches the bank has had with them, I say these 200 articles of the foreign exchange law are actually unnecessary. I speak as vice-president of the operating committee of the Ljubljana Bank/ Associated Bank, and perhaps all bankers will not share my opinion.

Projects Preferred Which Can Carry Higher Cost of Capital

Plans for rapid development of some important projects have now been made public in Slovenia. At the Ljubljana Bank, however, they warn that it will not be so easy to find a given plan among bank papers, and that all plans,

regardless from which work organization they come, must be given equal consideration before approval of credit. The bank will give priority to those projects it deems capable of absorbing a higher price for capital.

LBS Office in New York

The major task of the LBS Bank--the office of the Ljubljana Bank in New York--is to advance trade between Yugoslavia and the United States. This means financing American buyers of our goods. These goods are primarily agricultural and food products, products from the metalworking industry, furniture, sports equipment, and crystal.

The bank will also finance Elan, Slovenijales, Lesnina, the crystal factory in Rogaska Slatina, and other Organizations of Associated Labor in our country, when they buy American goods. The bank will also be involved with other credit and guarantee business connected with the import of soybeans, oil, cotton, and fuel for nuclear power stations.

Operating Expenses From Its Own Money

With $10 million of founder's capital, mostly small and mid-sized European banks begin operations on the American market. This amount of capital permits an annual turnover of approximately $150 million. According to American regulations, a bank can start operations with even less capital--three to four million dollars. Research has shown that this minimum amount of founder's capital would have been too modest for operating the LBS bank in New York.

At present, LBS has eight employees--three Yugoslav citizens and five American. Operating expenses are covered by the bank's transactions, which will certainly not be an easy thing for it to do since $120,000 must be allocated for the president's annual salary alone. The president, otherwise, is a Yugoslav.

Greatest Share to Exports

More effective investments can also help the banking system become successful, and at the Ljubljana Bank they think that this will also be of benefit to associated labor. Business needs strong and solid banks.

During the next period, the largest share of money will be allocated for exports to the convertible currency areas, and this will, as foreseen by the plan, be strongly supported by the bank's dinar. Preference in financing will continue to be given to agriculture, tourism, and the infrastructure.

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PROBLEMS WITH SECURING ACCUMULATION HIGHLIGHTED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 16 Nov 86 pp 16-18

[Article by Branko Colanovic: "Critical Times for Accumulation"]

[Text] Economic recovery, economic exoneration, financial consolidation of the economy, increase in the accumulation potential of the economy--these and similar slogans seem to be on the agenda of nearly every current political conference, parliamentary debate, party plenum, and their deliberations and conclusions. Unfortunately, this warranted political offensive is not the result of a fundamentally coordinated Yugoslav program dedicated to a genuinely beneficial turnaround. Instead, we are getting an abundance of "packages" of abating measures. Are we to ultimately regard the limits of the capabilities of economic policy in the various modalities of price freezes, the demarcation of differences in exchange rates, a single breakthrough in debt and credits, the conversion of investments from primary issue, the change in the sequence of paying off obligations, an arbitrary middle course in interest, shifts in the accounting system, etc., thus in all of these measures and steps that in the end do not affect anyone but, most importantly, do not accomplish anything?

Accumulation trends in the Yugoslav economy have been weak in recent years. Its dimensions are inadequate, its orientation is unfavorable, and the decision-making process concerning its use is distant from the self-management organizations of associated labor.

The net cash accumulation of the economy, as the difference between total revenues on the one hand and the sum of material expenditures, depreciation, personal incomes and social appropriations on the other hand, is low and getting lower in relation to real investments in the economy. The following table shows the general trend (in billions of dinars):

	Real Investments	Net Accumulation	Relationship (in percentage)
1981	708	371	52
1982	874	450	51
1983	1,337	605	45
1984	2,244	1,007	44
1985	4,172	1,577	38

The difference in insufficient resources is provided in the economy by lending, primarily by the population. The rapid growth in interest experienced in the period from 1983 to 1985 had a serious effect on the economy.

There are two reasons for the problem of the unsatisfactory level of accumulation in relation to investments in the economy. One of them is the stagnation of real total revenues, while the other is the high level of material expenditures, as well as the disproportionately high level of appropriations for personal, communal and public consumption.

Total economic revenues in 1985 are greater than those in 1982 by a nominal factor of 3.9, but in the same period prices rose at the same rate, meaning that revenues remained at approximately the same real level. The same is true of real social product. In 1985, it was only 1.2 percent higher than in 1982. Conclusion: if the stagnation in the social product and in total revenues continues, all else being constant, then an increase in accumulation will be out of the question.

Unfortunately, we have not been in a situation of all else being constant. As far as net monetary accumulation is concerned, the sum total of personal incomes, material expenditures, social appropriations and depreciation has grown at a faster rate than total revenues. Thus, the rate of net accumulation--its relationship to total revenues--has fallen substantially. In 1981, it amounted to an unsatisfactory 4.7 percent, which has fallen gradually to 4.1 percent in 1985.

A Little Elbow Room

The amount of personal income is determined by the number of persons employed and by their average nominal employment earnings. During the last 3 years, the number of persons employed grew by 6.8 percent. With the stagnation in the social product and ever-lower labor productivity, it is not possible under these circumstances to achieve an increase in accumulation, aside from through drastic, in socio-political terms extremely dangerous cuts in appropriations for social needs. And this problem led to the absurd situation in the second quarter of 1985 when, amidst a symbolic increase in the social product, economic policy permitted a disproportionate growth in average personal income in the economy. A similar phenomenon will be encountered in the first quarter of 1986.

Appropriations for social needs must be separated into the part used for material outlays for public and communal consumption and the part that covers personal incomes in the non-economy. The former is burdening the social product less and less, while the latter is burdening it more and more.

The part of public and communal consumption used as material goods and production services has been an ever-smaller part of the social product since as early as 1978. Its share of the nation's applied social product came to 9.4 percent at that time, falling continually to 7.9 percent in 1983 (further data is not available in the "Statistical Yearbook" of the Federal Bureau of

Statistics). In fact, calculated on the basis of constant statistical prices (from 1972), the total amount of these expenditures fell in absolute terms by 7.3 percent during the same period, which can be easily seen in the often poor material furnishings of schools, courts, health facilities, administrative institutions, and so on.

In contrast, personal expenditures in the non-economy grew persistently. In 1985, the number of persons employed in it was 5.7 percent greater than in 1982, while employment earnings grew at the same pace as in the economy. However, within the framework of the disorganization into which the Yugoslav economy fell in mid-1985, the non-economy made rapid advances. Monthly personal revenues in it in December 1985 were 64.7 percent higher than those in June, while the increase in the economy amounted to 55.9 percent.

The amount of depreciation in the economy during the last 3 years has risen more slowly than total revenues. Its increase between 1982 and 1985 was by a factor of around 3.6, while total revenues increased 3.9 times. In this way, net accumulation has gained a little bit of elbow room.

Objective

The trend in material expenditures has been negative in recent years from the point of view of accumulation. Its relationshp to the social product has gradually deteriorated: in 1980, 1.35 dinars in material expenditures arrived for each dinar of social product, while in 1984 this figure was perceptibly higher, 1.49 dinars. The reasons for this must be sought in the unsatisfactory trends in our import prices, the sudden fall in the rate of the dinar, the overly-high rate of domestic inflation, or the losses brought on by instability in domestic transport, the hoarding of supplies, etc.

Several conclusions can be drawn from the information presented thus far: The level of accumulation is unsatisfactory relative to needed economic investments. The causes of this are the stagnation of the social product, the inflationary growth in material expenditures in the economy, the disproportionate and objectively unnecessary increase in the total number of persons employed in the economy and in the non-economy, and in recent times the disproportionate leap in personal income.

Let us allow at this point a totally arbitrary estimate of the reserves for an increase in accumulation in the economy. The purpose of this is to suggest a relative order of magnitude of potential reserves that it would be necessary to pursue in a single direction. The estimate is based on information made available for the past 2 years.

	Relative magnitude of reserves
--For one percent increase in total revenues, with corresponding increase in material expenditures in the economy	100
--For one percent decrease in material expenditures in the economy	100
--For one percent decline in number of persons employed in the economy	15
--For one percent decline in number of persons employed in the non-economy	3

There are no significant reserves with a decrease in material expenditures in the non-economy, although any savings here would be welcome as well. In addition, it is obvious that an increase in net accumulation through a cut in depreciation cannot be counted on.

There is no doubt that it was objectively possible in 1985 to realize an increase in total revenues of not only one percent, but even three percent, basing this growth on the available information concerning the increase in real social product. Here, it was the unutilized capacity, the fall in labor productivity, the weak turnover in capital, the low degree of investment efficiency and the country's foreign currency potential that to a large extent spilled over into private consumption. The market, domestic and foreign, for increased marketing remains. It is hypothesized that there is not an increase in fixed assets, nor in the number of persons employed in the economy. If this were to be achieved, then net accumulation in the economy could be around one-third greater than the realized level.

A prerequisite condition for an outcome similar to this one must be sought in an improvement of the economic system and of economic policy, which must guarantee the unity of the domestic market and more exports, while the organizations of associated labor must consistently encourage, or force, the optimal use of available production factors. In order to create the conditions for a lightening of the burden, the economy must first be "burdened down."

A reduction in material expenditures in the economy, with an eye to their large share in total revenues, could reflect exceptionally favorably on accumulation. The internal economic policy of enterprises does not devote enough attention to this issue. The infrequent external stimulus to save materials, reduce waste, acquire goods from the most favorable domestic suppliers and contractors, and in particular to acquire goods from imports, are sufficient. Economic policy, on the other hand, could do much more than increase accumulation in the economy. We will mention only a few possibilities. One area is that of customs and other import taxes, where many excesses are being resorted to in order to create the capital for those needs

that would normally be safeguarded by a more just tax system. Another is the policy surrounding the rate of the dinar, the inflexibility of which leaves little hope for greater accumulation in the numerous organizations of associated labor, which are to a large degree dependent on imports.

With respect to the effect of the number of persons employed in the economy on accumulation in the economy, there remains, inexplicably, one dominant question: why is the defensive strength of the average economic organization in the struggle against the long-term drop in its own labor productivity so weak? How are we to explain the fact that the number of employed persons rises every year by around three percent, even though the social product continues to stagnate? Is there really pressure to reduce, or even alleviate unemployment by opening up jobs in the social sector, entirely unavoidably, even though it is obvious that a disproportionate level of new employment will by necessity destroy accumulation in the economy? To what extent is a role played in this by irresponsible indifference to the rapid growth in the small economy of the individual sector? Are self-management and business organs suffering from large-scale illusions of grandeur, or has their resistance to securing jobs for friends, relatives, etc. fallen away entirely? Or is it, most of all, a question of the hunger of management, from the communal level up, for new jobs in the economy whereby, regardless of losses, contributions will be received from personal incomes, which are valuable for raising the communal and all of the rest of the superstructure?

It is difficult to estimate the number of persons employed in the non-economy because judging their "labor productivity" is a thankless job. One hypothesis, not to be taken very seriously, could be that the number of persons in this sector has remained fixed at the same level as in 1980. In relation to net accumulation in the economy in 1985, this would correspond to an increase in it of five percent. However, before we conclude that there is some excess in the non-economy, we should remember a Voltairean paradox: "That which is excessive is often a very necessary thing."

Visible Examples

There is no doubt that there are numerous, sometimes small, but for the economy in many ways useful, possibilities for savings in the non-economy. Over the course of time, no small number of institutions have gathered under the roof of the non-economy, with very skilled people in them, the effect of which from the point of view of the economy is more than debatable. Let us just look at a few examples, clearly visible ones, from the area of banking and the economic chambers.

There are obviously too many banks in the banking business, but all efforts to reduce their numbers have been gentle, and thus have been inappropriate. It is quite clear that there are too many republican associations of banks, and their membership seems to consist of those banks that are concentrated in the very same individual republican, associated banks in the very same republic. There is no doubt that the function of payment transactions is excessive in the Public Auditing Service [SDK]. We know that commercial banks carry out the entirity of payment transactions with foreign countries, all the transactions of the citizens, and all the transactions of the small,

individual economy. There is no logical explanation to be found for why the Constitution of the SFRY puts payment transactions within the framework of the social sector in the hands of the SDK, when it is certain that in the age of computors, but even without them, commercial banks can easily carry out this transaction. There is no doubt that there are too many representatives of banks abroad whose business is not commercially and financially active. In an operative sense, there is the potential for significant savings in banking as well. Let us just mention the introduction of current accounts for the holders of social capital, the compression of their numerous individual accounts into one, the abandonment of the extremely expensive practice of having the foreign currency savings of each citizen maintained for each individual foreign currency, etc. Workers resolutions on this were adopted 4 to 5 years ago, but their actual realization was suffocated by the bureaucracy.

As far as economic chambers are concerned, it seems obvious that only the Federal Economic Chamber is objectively necessary, organized in such a way that it sets in motion or coordinates initiatives and activities of interest to the advancement and rise of self-management economics and development, for the Yugoslav economy as a whole, or for individual branches and activities. Of what real use for organizations of associated labor, especially the larger ones, can a regional, provincial or republican chamber be, unless the breakdown into eight independent, mutually confrontational "national economies" is ultimately accepted? And what would be the use, as many have known in the past, of creating etatist-oriented, joint (chamber) economic representation abroad?

After this short outline of the potential exoneration of the economy, there remains the exceptionally massive question of the use of accumulation. The small dimensions of accumulation can be safeguarded by rapid development, if the structure of its use is favorable and the efficiency of investments is high.

It is with incredulity and disappointment that we must look at the basic structure of real investment in the Yugoslav economy. The table below shows the trends over the course of the last 6 years, in billions of dinars and at current prices

	Investments in Fixed Assets	Investments in Stock
1980	353	186
1981	404	304
1982	502	373
1983	608	729
1984	892	1,352
1985	1,148	3,024

Six years ago, economic investments in fixed assets were close to twice as large as those in stock, while in 1985, real investments in stock were 2.6 times those in fixed assets. We might see in this the strongest reflection of the great weaknesses in the economic system and in economic policy.

Another problem in the use of accumulation remains unsolved, although it is a big one. It relates to investments in housing. Today, there is no longer a real need for organizations of associated labor, especially with the falling level of accumulation, to invest in the construction of housing, which is a specific form of actually transferring social property over to private property. A different model for the housing economy, in connection with which the Long-Term Program for Economic Stabilization should be reread, would free up a perceptible part of economic accumulation for its essential economic destination.

At the same time, the efficiency of economic investment remains poor. We are unparalleled in Europe in the amount of investment capital used to obtain one unit of growth in social product.

These few observations may be of some use for a properly set up strategy of development, based on the organization of associated labor as the self-management commodity producer, largely capable of independent decisions on the use of his accumulation, expanded reproduction and the financing of it.

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BARCIKOWSKI ORDERS MEDIA PUBLICITY FOR CIVIL DEFENSE

Warsaw PRZEGLAD OBRONY CYWILNEJ in Polish No 8, Aug 86 p 33

[Article by Kazimierz Rafalik: "The Popularization of Civil Defense in the Mass Media"]

[Text] At the headquarters of the Wielkopolski RSW Press Publications Center, Prasa - Ksiazka - Ruch, in Poznan, a council of representatives from provincial and local inspectorates of civil defense, and the chief editors and publicists concerned with military defense problems in the press and other publication produced in the Wielkopolski region, i.e., Poznan, Kalisz, Konin, Pils, Leszczyn, took place as a result of director Jacek Swigon's initiative. Representatives of education and culture, as well as the editors of Polish Radio and Television in Poznan, participated in the council's proceedings. A short introductory speech was made by Director Jacek Swigon; the chairmanship was then turned over to the chief editor of the POZNANSKA GAZETA, Roman Czamanski. Almost three hours were spent discussing the role of the mass media in popularizing national defense from the perspective of civilian defense during the proceedings, in which the director of the Ideological and Informational Department of the PZPR Provincial Committee in Poznan, Zenon Rulczak, also participated. It was stressed that civilian defense which protects the lives of civilians and their property in the event of a military conflict, is spoken about a bit too seldom in the press; it was decided to increase the quantity and quality of the information in this area.

The problems of civil defense are not an easy topic for the mass media. Additionally, it is not a subject to be regarded harshly. Unfortunately, this is how the situation really is. According to what the deputy chairman of the National Defense Committee, Kazimierz Barcikowski, stated: "One very rarely runs into anything about civil defense in the daily press or in periodicals. Of Poznan's publication, and this only because I live here and am most familiar with them, only the GAZETA POZNANSKA of editor Tadeusz Bartkowski puts out any information in the issue of civil defense. One finds in it the most extensive articles and the briefest information on actual events in this area. This journalist has written reports like the 'White Saturday' of doctors from one of Poznan's hospitals, the competitions among Poznan's militia in knowledge on civil defense, the provincial civil defense exercise, under the title of Wrzos (Heather)-85, and the self-educational system on civil defense in one of Poznan's work cooperatives. On the occasion of the

anniversary of civil defense in Poland, the editor Tadeusz Bartkowiak wrote an interesting and extensive article under the title 'Civil Defense is Necessary in Peacetime.'

"What can be done for civil defense to find its rightful place in the mass media? Simply put, I believe that the proper agency of the provincial or local inspectorate of civil defense ought to work out a plan of propaganda actions well in advance with the clear objective of specifying measures and suspenses for their implementation. Upon agreement of such a plan with the individual editors of the local papers, Polish Radio and Television, as well as upon the acceptance of this plan by the PZPR Provincial Committee's Department of Ideology and Information, excerpts of this plan should be passed onto all those interested in its implementation."

It was also suggested that journalists, who are concerned with the problems of a military-defense nature, were invited from time to time (at least once a year) to learning and instructional deliberations, organized by the inspectorates of civil defense, or to other local councils where civil defense issues would be discussed.

"I am convinced that with such planned actions, those people who take state monies for such purposes will conclude with complaints about and discontent over the inadequacy of popularizing civil defense; people will talk, write and pass on information on civil defense only when those at the top are interested.

"I think that we only have to wish it so."

As a result of the deliberations, it was decided that such meetings will be organized every year, so that all those interested in popularizing defense issues, including civil defense, were able publicly to consider their actions in this area.

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'DEFENSE LEAGUE' UNIT RECRUITS FOR MILITARY ACADEMIES

Warsaw PRZEGLAD ORBRONY CYWILNEJ in Polish No 8, Aug 86 p 32

[Article by Tadeusz Lawicki: "Chelmno: Popularizing Military Knowledge"]

[Text] The teachers' direction and staff of the Organization of Schools of Mechanics in Chelmno are attempting to interest young people in national defense. The Socialist Youth Union's League of National Defense is undertaking measures in four areas for this purpose: shooting, military medicine, defense knowledge, and defense sports. The group of those interested in defense knowledge is made up of young people who have finished secondary schools or are into a profession and wish to continue their studies in military schools. Last year, 14 boys from the Socialist Youth Union opted for military schooling. One of the ways of propagating military schools are meetings with officers and non-comissioned officers of the Polish Army, and constant liaison with military units, military students and representatives of the Voivodship Defense Committee.

Every school ceremony finds combatants, and members of the ZBZZ and Association of Fighters for liberty and Democracy coming together. There are also plans for outings to the Higher Officers' Rocket and Artillery School in Torun for the "Days of the Open Barracks." The publications: ZOLNIERZ POLSKI LUDOWY, CZATA, AND PRZEGLAD OC enjoy in the Socialist Youth Union great popularity and interest. The shooting group supervises small-caliber weapons training and participates in the sporting events of the League of National Defense. Members of the military medicine group improve and expand their know-how by rendering first aid assistance.

In 1984 the Socialist Youth Union took fourth place in Torun Province in military knowledge competition. The work results of the League of National Defense's circles are made publicly known at the ceremonial completion of the school year.

At a session of the Voivodship Defense Committee in Torun, the activity of the League of National Defense in the school was highly evaluated. For its achievements in political and educational work, the Organization of Schools of Mechanics in Chelmno received a laudatory letter from the chief of National Civil Defense, Armor General Tadeusz Tuczapski. The same letter was also sent to master teacher Gwidon Klimkiewicz for his work with and patronage over young people.

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SCOUTS TARGETED BY MILITARY FOR RECRUITMENT

Warsaw ZOLNIERZ WOLNOSCI in Polish 8 Oct 86 p 3

[Article by (rad): "Summing up the 10th Central Technical-Defense Maneuvers of the Polish Scouts' Association (ZHP)"]

[Text] A meeting of organizers of the 10th Central Technical-Defense Maneuvers of the ZHP took place in Olesniec. Krzysztof Piotrowicz presided.

Particular conclusions were reached on the assigned organizational-educational tasks by the various scout troops of the ZHP Banner, and social and political organization, which participate in this important undertaking. The activity of ZHP military instructors was particularly praised. These instructors were responsible for the organized execution and completion of the maneuvers. The League of National Defense and its subordinate reserve officers' clubs were also singled out for praise.

The secretary of the Ministry of Defense council dealing with public organizations, Colonel Tadeusz Smolinski, focused a great deal of attention on various ways to popularize military training among the young people associated with the ZHP, or still attending school. The occasion bringing this problem to light was the participation of ZHP Military Group Instructors from military schools in scout gatherings and the "Days of the Open Barracks," organized in military schools. Together with officer cadets, the scouts participate in orientation sporting events and road marches; they also visit military schools during military ceremonies organized on military and state holidays.

In the discussions of the problem-solving teams, it was emphasized that the 10th Central Technical-Defense Maneuvers were a great opportunity to popularize patriotic-defense issues among young people. They were also a platform for exchanging experiences among the groups, troops and other units. They were characterized by various forms and themes. The young people, who participated in the sporting events, had a chance to familiarize themselves with the locations of historic battles and to learn about the efforts of Polish soldiers in their struggle against the Hitlerite aggressors. It was also an opportunity to test the technical efficiency of the troop units and evaluate the involvement of the instructors directing the training and educational activity.

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PERFORMANCE OF COMMISSARY SYSTEM REVIEWED

Warsaw ZOLNIERZ WOLNOSCI in Polish 8 Oct 86 p 7

[Article by (tp): "The Achievements and Tasks of the Commissary System"]

[Text] In a working council of activists, which met recently in Gdynia, much time was dedicated to summing up the results of efforts made during the most recent past and to reviewing the tasks facing the Military Commissary System in the current 5-Year Plan. The proceedings were directed by the chief director of the Commissary System, Colonel Edward Godlewski.

During the meeting, the economic situation of the enterprise was evaluated, along with the effects of the temporary application of a system of awards. The deputy of the chief director of the Military Commissary System, Wladyslaw Glowula, discussed the problems associated with the expansion of self-sufficiency and economic responsibility by the enterprises for the results achieved in the basic levels of work.

The chief director familiarized those present with the most important tasks facing the commissary system in the current marked situation and in light of the concept of the military commissary system for 1986-1990. During the talks which came about after these speeches the regional directors presented the achievements and difficulties of daily operations in their system centers.

The meeting's participants familiarized themselves with local tools, equipment and other items, as well as with the work of many centers, canteens and trade exhibitions. Opinions and experiences were also exchanged during individual meetings and business conversations between representatives from the office of direction and the directors of the district Military Commissary System in Bydgoszcz.

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BRIEFS

DEFENSE MINISTRY PZPR MEETING--On 1 October 1986 a plenary session of the Ministry of Defense (MOD) Party Committee of Central Institutions took place. The secretaries of the committees and institutions subordinate to the MOD also participated. First Secretary of the MOD Party Committee of Central Institutions Colonel Zdzislaw Jatczak, informed those assembled about the realization of measures undertaken by the executive agencies since the last plenary session of the committee. He also presented the preparations for an reports-elections conference in the Central Institutions of the Ministry of Defense. After the presentation of the reports-elections program, the plenum's members discussed its contents. They referred to the need for constant activity and uninterrupted, purposeful action on the part of all party members and individual party echelons. They suggested specific tasks, their implementation and the honest conclusion of their execution. Division General Stanislaw Fryn and Colonel Henryk Szkodziak spoke about these things as well. The Plenum affirmed the report and passed a resolution in which it was decided to call on 6 October 1986 the 12th Elections-Reports Conference of the MOD's Central Institutions. [Text] [Warsaw ZOLNIERZ WOLNOSCI in Polish 2 Oct 96 p 1] 12247/12795

DEFENSE MINISTRY PZPR AUDIT SESSION--On 2 October 1986, a plenary session of the Party Supervisory Commission of the Ministry of Defense's Central Institutions was dedicated to the proposals dealing with educational and decisive activities, as well as with the adoption of its reports about the PZPR Elections-Reports Conference. Colonel Henryk Kostrzewa, the chairman of the Party Supervisory Commission of the Ministry of Defense Central Institutions, directed the proceedings. During the working discussion, the issue of cooperation of the commission with the party committee in the formation of the proper ideological and moral attitudes on the part of party members was raised. References were made to the possibility of achieving this objective by utilizing reserves and eliminating the weaknesses revealed during the campaign before the 10th PZPR Congress and the current Elections-Reports campaign. The role and the authority of party echelons and organizations in the life of institutions and military units were emphasized. The importance of the Supervisory-Audit Commission, appointed at the congress, was stressed; its scope and opportunities of its influence will be considerably greater. This was discussed by Colonel Zenon Wojtasiak, Colonel Stanislaw Ilnicki, and Colonel Kazimierz Nalazkowski. Colonel Zdzislaw Jatczak, the first secretary of the PZPR Committee of the Ministry of Defense Central Institutions, also participated in the session. [Text] [Warsaw ZOLNIERZ WOLNOSCI in Polish 3 Oct 86 p 1] 12247/12795

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PEACE CONFERENCE RESULTS, NATIONAL EFFORTS OUTLINED

East Berlin EINHEIT in German Vol 41 No 9, Sep 86 (signed to press 13 Aug 86) pp 791-797

[Article by Herbert Krolikowski, member of the SED Central Committee, state secretary and first deputy minister for Foreign Affairs: "The Socialist Community's Peace Strategy--In Line With the Demands of the Time"]

[Text] Within a few months, the countries of the socialist community submitted to the states and nations a comprehensive and concrete program for staving off the nuclear threat to mankind and bringing about a turn for the better, for lasting and fruitful peace in the world. The objective of the fraternal socialist states is to ensure that mankind--as the secretary general of the SED Central Committee and chairman of the GDR State Council, Comrade Erich Honecker, put it--"does not perish in a nuclear inferno, but stays alive, and that people get along and cooperate with each other, all the differences between the nations' social systems and ways of life notwithstanding." (Footnote 1) ("Our Domestic and Foreign Policy Serves Socialism and Peace. From the Speech of Comrade Erich Honecker," in: "2. Tagung des ZK der SED" [Second Session of the SED Central Committee], Berlin, 1986, p 6.) This objective is based on the nature of Socialism, whose system does not contain any social class profiting from armament and which can obtain its far-reaching goals only in peacetimes. The congresses of the fraternal parties have pointed out this crucial correlation and they have emphasized the fact that their policy and all their activities are focused on the people's welfare and security. The initiatives contained in the statement made on 15 January 1986 by the secretary general of the CPSU Central Committee, Comrade M.S. Gorbachev, in the documents of the Sofia and Budapest conferences of the Warsaw Pact states' Political Advisory Committee, and in the resolutions adopted at the fraternal parties' congresses take this orientation into account; they are fully in accord with the objective conditions of our time, in which any nuclear war would entail the destruction of our world.

The socialist peace program is based on the assumption that the magnitude of the challenges confronting mankind in the late 20th century is historically unprecedented. Mankind is faced with the decision whether it will allow itself to be pushed onto a course marked by new dimensions of the arms race and thus by the growing threat of war or whether it will be able to rechannel funds earmarked for military purposes toward solution of acute problems

confronting it. Common sense calls for the latter. In 4 decades, the total number of nuclear warheads increased from 2 to 50,000 units. Violating the dictates of reason, the most aggressive circles of Imperialism, above all those in the United States, keep adding to this arsenal ever new nuclear weapons supposed to be as "perfect" as possible. Even the restrictions imposed in 1979 by the SALT II Agreement have now become too confining to these circles. Their "Strategic Defense Initiative" is intended to put the arms race on an altogether new level. It is to be feared that the (laboriously erected) pillars upholding the strategic balance of our world will be destroyed and that the course of events on our planet will get out of control. A nuclear war would inevitably entail a nuclear inferno. As has repeatedly been pointed out by scientists, there would be neither victors nor vanquished.

In Accord With the Interests of Mankind

Conscious of their responsibility, the socialist fraternal states have analyzed the new situation and have worked out the new policy required for safeguarding peace and the survival of mankind. They have submitted a conception designed to ensure the security of all states--a conception based on a qualitatively new way of thinking and on a new approach to the problems critical as to whether there will be war or peace in our time.

First: The conception assumes that (as was emphasized by the Warsaw Pact states at the Budapest Conference of their Political Advisory Committee) "reliable security for all countries and nations and peaceful conditions for their development and progress" can be ensured "only by political means." (Footnote 2) ("Communique of the Conference of the Warsaw Pact States' Political Advisory Committee," EINHEIT No 7, 1986, pp 585-586.)

Second: Security cannot be attained through any antagonistic design, at the other parties' expense; it is attainable only through joint, collective effort.

At the Budapest Conference, the Warsaw Pact states--proceeding from this assumption--proposed to the world's states and nations an all-encompassing system of international security. Based on nonmilitary means, this system is in accord with the interests of all states and nations. Military categories such as nuclear, chemical, or space weapons would be excluded for good from the security concept. They are to be superseded by political, economic, technical and humanitarian guaranties. The armed forces and conventional weapons would have to be radically reduced. Viewed as a whole, the concrete proposals submitted by the fraternal states represent a complex plan for establishment of a secure world, a world that by the turn of the century could be free from nuclear weapons.

The political philosophy of peace and security that in the last few months has been further developed and fleshed out by the socialist fraternal states represents a real alternative to the policy of "strength" that for centuries characterized the exploiting classes' theory and practice and that even today is advocated by the most aggressive circles of Imperialism. In the past, Imperialism considered wars "practicable" means of its policy of conquest, of

subjugating nations, of partitioning the world, and--to the distress of various nations--it waged such wars again and again. Under present-day conditions, when a nuclear war would entail the demise of human civilization--and thus of the imperialist system itself--the most aggressive circles of monopoly capitalism are no longer able--in light of the present international distribution of forces--to realize their expansion- and hegemony-oriented objectives, even though they are reluctant to face up to this. The peace initiative of Socialism is a model of a policy free from narrow, egotistical interests, free from any claims to supremacy and superiority. It reflects awareness of the collective responsibility of all states on our planet.

The conclusions drawn by the fraternal states are in keeping with the findings of realistic politicians, scientists, doctors--of all those who want mankind to live in peace. These conclusions are in accord both with the documents of the movement of nonaligned nations and with the appeals made by the leaders of six states representing different continents. All of this shows that the new ideas concerning foreign policy are winning recognition.

Not only did the Warsaw Pact states develop the idea of a new approach to international problems: This idea determines their foreign policy; it is the cornerstone of their campaign for termination of the arms race and for bringing on disarmament. For all crucial problems, they have submitted various possible solutions; while all of these solutions go far beyond previous proposals, some of them are entirely novel. Not a single type of weapon is left out of consideration and no question concerning verification remains unanswered. As Comrade Erich Honecker pointed out, this "disarmament program" is "without a gap, as it were." (Footnote 3) (See Erich Honecker, "For a Europe of Trust and Neighborly Relations," NEUES DEUTSCHLAND, 26 Jun 86, p 3.)

The USSR and the other fraternal states have actively and dynamically begun to implement their conception of security through disarmament. Showing flexibility, a sense of proportion, readiness to oblige, and willingness to compromise, they are searching for new approaches: At the Geneva talks on nuclear and space weapons--the decisive forum in the present East-West dialog--the Soviet Union has repeatedly submitted compromise proposals concerning all of the three categories under discussion there. Far from being limited to secondary questions, these proposals were concerned with substantive issues. Western arguments and objections made to previous proposals were taken into account. For the sake of progress, the Soviet Union has also declared its willingness to accept interim solutions. It has suggested, for example, to restrict the work on space-based antimissile defense (SDI) to the level of laboratory research, i.e. below the threshold of militarization of space. Similarly, the Soviet Union has obliged the United States in regard to strategic weapons. It has taken steps to facilitate an agreement on the withdrawal from Europe of intermediate-range nuclear missiles. In 1985, deployment of these missiles in Europe was halted; since that time, the number of SS-20 missiles has not exceeded 243. If the American Pershing II and Cruise missiles are withdrawn from West Europe, the Soviet Union will be prepared to follow suit with its SS-20 missiles. Proving itself

to be flexible, it is bent on concluding special agreements with Great Britain and France, West Europe's nuclear powers, without insisting that their nuclear arsenals be reduced.

A recent example of the fraternal states' responsible new approach are the jointly developed proposals that were adopted at the Budapest Conference of the Political Advisory Committee and that are concerned with reduction of armed forces and conventional weapons in Europe. These proposals point out ways of solving this problem on an unprecedented scale--in the entire European zone, from the Atlantic to the Urals. It is possible that within 1 or 2 years the Warsaw Pact states and NATO will each reduce their armed forces by between 100,000 and 150,000 troops. The pertinent proposals submitted are distinguished by great flexibility and make provision for negotiations. Again, the ideas and occasional misgivings expressed by other West European states have been taken into consideration here: Great importance is attached to measures designed to reduce the danger of a surprise attack. Regarding the question concerning a suitable setting for discussing their proposals, the fraternal states have suggested various possibilities: The second phase of the Stockholm Conference, the Vienna talks, or a special forum of representatives of all European states, the United States, and Canada.

The ideas regarding effective verification comprise significant new elements. To the large number of complementary national and international procedures, the fraternal states are prepared to add on-site inspection. In making their far-reaching proposals for effective verification procedures (which proposals have of late been submitted in similar form in other areas of arms limitation), the fraternal states have taken the initiative in this issue, which has long been used as an obstructionist tool by the opponents of disarmament.

It goes without saying that the Warsaw Pact states would prefer to see the efforts toward arms limitation and disarmament result in complex, i.e. extensive and radical solutions. In view of the situation at hand, however, they are prepared to accept partial measures. They have proposed to start with the simplest measures most likely to be implemented so as to overcome the impasse and set an example. One such measure that could be taken out of the general complex of nuclear disarmament without in any way jeopardizing security or the balance of forces is the total nuclear test ban. It would be the quickest and most concrete way of terminating the arms race. Nuclear weapons would "dry up." And there would be no verification problem--as has been demonstrated by Soviet and American scientists through mutual installation of seismographic stations (three each) on their testing grounds in Nevada and near Semipalatinsk.

The unilaterial nuclear test moratorium of the USSR represents a truly unique opportunity. The Soviet Union has repeatedly extended it. This is plain evidence of the restraint, prudence, and sense of responsibility inherent in Soviet policy--an extensive advance concession, reciprocation of which by the United States is presently demanded by millions of people all over the world. A nuclear test ban agreement is overdue.

An integral part of the struggle for arms reduction are the socialist states' new initiatives concerning intensification of international cooperation in the interest of all nations. Peaceful utilization of the atom, of the achievements of science and technology, and other acute global problems such as eradication of hunger--these are the real challenges to mankind in our time. Extensive cooperation therefore is absolutely necessary. The Soviet Union and the other socialist states have submitted concrete proposals for pooling the resources and capacities of the nations so as to bring about mutually beneficial utilization of the most advanced space technology. Through establishment of a special "Cosmos" group, the Soviet now is offering assistance to other countries in regard to peaceful exploitationm of space. Dozens of countries, including developing countries, would benefit from such cooperation. This represents a real alternative to military rivalry.

For a Turn for the Better in Europe

The Warsaw Pact states are especially concerned about the situation in Europe, the house shared by more than 30 states. Here the most powerful military coalitions--equipped with the most advanced weapons--are facing each other. There is no doubt that a turn for the better in Europe could lead to a reduction of tensions all over the world.

At a time of increasing U.S. activities disadvantageous to Europe, the Warsaw Pact states have further developed--at the Sofia and Budapest conferences of the Political Advisory Committee--their conception of a socialist Europe policy. Their objective is clearly defined. According to the Budapest Communique, "Europe needs a revival of detente, the transition to a more stable phase." (Footnote 4) ("Communique of the Conference of the Warsaw Pact States' Political Advisory Committee," EINHEIT No 7, 1986, p 588.) The best way of accomplishing this is to relieve the continent of the burden of weaponry. At the banquet staged in honor of the French president, Comrade M.S. Gorbachev emphatically stated that "the image of Europe as a theater of war must be totally eliminated from political thought." (Footnote 5) (M. Gorbachev, "Europe Must Be a Model of Peaceful Coexistence," NEUES DEUTSCHLAND, 8 Jul 86, p 5.)

To this end, the allied socialist states have put forth large-scale efforts; they have been taking well-tried approaches, but they are also interested in opening up and taking advantage of new possibilities. The CSCE process, which was initiated by the Final Act of the Helsinki Conference and which has proved viable even in times of increased tension, is as significant as ever. With good reason, all of the states of Europe are interested in continuing this process. Through substantive results, the CSCE successor conference, which is to convene in Vienna in the fall, may provide a decisive impulse for radical change in Europe. By suggesting to start the conference on the foreign ministry level, the Warsaw Pact states signaled at an early stage that they are prepared to make a contribution. They are earnestly preparing for the conference and are advocating further balanced development of the all-European process in all of the fields covered by the Final Act of the Helsinki Conference, i.e. the political, the economic, and the humanitarian-cultural

field. From this complex situation, it is evident that the conference should focus on the questions concerning mitigation of the military confrontation in Europe.

The Warsaw Pact states want Europe to be a model of peaceful coexistence and of trusting and fruitful cooperation. They have therefore taken the initiative so as to normalize the relations between CEMA and the European Community and to establish official relations between individual CEMA states and the EC. They would also be prepared to establish direct contacts between the Warsaw Pact and NATO as organizations.

The imaginative, realistic and Europe-oriented course pursued by the socialist fraternal states is attracting more and more attention in West Europe; it has brought about a situation, where politicians and broad segments of the general public are advocating more and more emphatically neighborly coexistence, termination of the arms race, and a peaceful future for this continent.

The chance of peace will not become reality automatically. Persistent and systematic effort, communication and joint action on the part of all forces of peace, common sense and realism are of crucial importance in this respect. Ideological, religious and political differences of opinion and bloc-oriented, national and other interests must not get in the way. Only in this way will it be possible to overcome centuries-old political stereotypes and to clear the way for new, realistic thought and action. To this end, the fraternal states are doing their utmost to deepen the political dialog, to make it more productive, and to solve even the most sensitive and complex problems by political means, through negotiation. They are giving full support to the Soviet Union's responsible effort to bring about another Soviet-American summit meeting.

Active Contribution by the GDR

Side by side with its allies and in keeping with the jointly developed peace strategy, the GDR--through an imaginative policy aimed at establishing a worldwide coalition of reason and realism--is making its contribution to the safeguarding of peace. The results of diverse contacts--above all contacts on the highest level--with high-ranking representatives of NATO states, neutral, nonaligned states, capitalist industrialized states, and developing countries have shown that cooperation of all peace-loving forces in the endeavor to ensure the survival of all is possible--all divisive issues notwithstanding.

As Comrade Erich Honecker stated on the occasion of his being reelected chairman of the GDR State Council, "the basic principle of our state policy is to defuse the international situation, to ensure lasting peace on earth and in space." (Footnote 6) (Erich Honecker, "Our Work Serves the Greatest Cause in the World: Socialism and Peace," NEUES DEUTSCHLAND, 17 Jun 86, p 1.)

Naturally, the GDR has been a strong advocate of reduction of military tensions in Europe--whether at the Vienna talks or at the Stockholm Conference where the GDR and its allies are presently making every effort to ensure that the work done produces tangible results even before the Vienna CSCE successor conference.

The GDR is directing a great deal of attention to the development of models of regional arms limitation that could serve as a basis for global solutions. In this respect, the draft agreement--jointly worked out by the SED and the SPD--concerning establishment of a zone free from chemical weapons in Central Europe represents a concrete approach. Through such an agreement--the draft of which the GDR and the CSSR have meanwhile submitted to the FRG, Denmark, Norway, the People's Republic of Poland, and the Hungarian People's Republic--the heart of Europe could be freed or kept free from weapons of mass destruction that in terms of danger and cruelty are in no way inferior to nuclear weapons. One need only mention here the NATO resolution concerning production of binary weapons. Moreover, such a zone would be a confidence-building measure of the first order and could lead to increased security for all states of this area. It is along these lines that study teams of the SED Central Committee and the SPD's parliamentary faction are discussing the Swedish proposal concerning establishment in Europe of a corridor free from tactical nuclear weapons. Thus the idea of regional zones free from weapons of mass destruction is assuming increasing importance. It is a key subject of the political dialog on peace.

Allied with the Soviet Union and the other socialist fraternal states, the GDR will continue to discharge its responsibility for enhancement of security and stability in the heart of Europe. It is doing its utmost to ensure that German soil will never again give rise to war, that it will always generate peace. Consequently, the safeguarding of peace is the primary objective also in regard to relations with the Federal Republic of Germany.

The Socialist Peace Strategy Has Proved a Success

Corresponding with the interests of peace-loving forces all over the world, the socialist fraternal states' peace program is in keeping with the realities of our time. Due to their constructive nature and clarity, the proposals contained in this program, the bold, practical steps the Soviet Union has taken to halt the nuclear arms race increasingly influence the way of thinking and acting of millions of peace-loving people. It is only natural that the number of those who give credence to imperialism's outrageous lie of the "Soviet threat" is declining. Increasingly, many countries in Asia, Africa and Latin America and, above all, the movement of nonaligned states are making themselves heard in the struggle for peace. As a key factor of present-day antiwar trends, the peace movement has acquired a strong image all over the world. It has turned into a mass movement and there is not a single NATO country that is untouched by it.

The response to the Budapest call for reduction of conventional weapons shows that even the governments of the NATO states cannot escape the effect of the socialist peace initiatives, the convincing, responsible new approach taken by the socialist fraternal states. At the same time, there is growing concern about the increasing American tendency to "go it alone" (as evidenced by the declared intention to back out of the SALT II Agreement) and about the course the Americans have been pursuing in the negotiations with the Soviet Union. Even in the United States, there are more and more voices calling for constructive modification of the government's current policy in regard to foreign affairs and negotiations. Consequently, the U.S. Government has felt

obliged to consent to consultations with the Soviet Union on the SALT II Agreement and to negotiations concerning a nuclear test ban.

All in all, it now is more obvious than ever that there are limits to the policy of rearmament and "strength." The peace strategy pursued by the fraternal states represents an alternative. It has proved a success.

A breakthrough toward improved conditions requires great effort, however. Obviously, the military-industrial complex is uneasy about the Socialists' peace proposals and their strong attraction. It is becoming increasingly difficult to balk at practical steps toward arms limitation and disarmament. But it is precisely in regard to such steps that defense-oriented capitalism exhibits mysterious fear. And this is why its representatives are making evey effort to obstruct any new approach to the question of war and peace and to prevent any constructive response to the proposals and advance concessions made by the states of the socialist community.

As far as the Warsaw Pact states are concerned, they are continuing their systematic efforts so as to be able to avail themselves of even the slightest chance of peace. What is needed now more than ever is flexibility, restraint, and a sense of responsibility on the part of all countries involved. Only in this way will it be possible to maintain and gradually to augment what has laboriously been achieved. In spite of the fact that the development after the Geneva summit meeting has been uneven, the conclusions drawn there and the possibilities shown in regard to prevention of a nuclear conflict and a return to detente still are of immediate interest.

A turn for the better is possible. All-round strengthening of the socialist community and maintenance of close ties with the peace-loving forces all over the world are of crucial importance. The socialist fraternal states have reached a higher stage of development. There are many new aspects to the cooperation among them. In every field, one senses an organic intensity of interaction and also the energetic effort to improve in every country the quality and efficiency of cooperation. Last not least, coordination of foreign policy within the framework of the Warsaw Pact is becoming increasingly dynamic, as has been demonstrated at the Budapest Conference of the Political Advisory Committee.

The socialist fraternal states have every reason to be confident of their strength. In the struggle for peace, they have many friends and allies. Equipped with a well-grounded and concrete foreign policy program and buoyed up by the continuous all-round strengthening of the socialist states (not least of our republic), they are bound to succeed in safeguarding peace. The great people's initiative that is aimed at implementation of the resolutions adopted at the 11th SED Congress shows that the GDR's working people are making their contribution to this cause.

8760
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PARTY ORGANIZATION IMPLEMENTATION OF CONGRESS DECREES VIEWED

East Berlin EINHEIT in German Vol 41 No 9, Sep 86 (signed to press 13 Aug 86) pp 856-859

[Article by Gerhard Hanusch, member of the political staff of the SED Central Committee: "The Basis of the Party Collectives' Fighting Strength"]

[Text] The resolutions adopted at the 11th SED Congress have initiated a qualitatively new stage in the development of the advanced socialist society in our country; effective control of this stage presupposes improvement of our party's Marxist-Leninist leadership faculties and of the work of all basic units and every single Communist. Summing up matters in his closing address at the party congress, Comrade Erich Honecker stated: "We are entering a new stage of great political activity aimed at implementation of the resolutions adopted." And he emphasized that "to do everything for the people's well-being and happiness, for a life in peace will always be the guiding principle of our actions. This is what determines the substance and style of all our work." (Footnote 1) (Erich Honecker, "Closing Address at the 11th SED Congress," NEUES DEUTSCHLAND, 22 Apr 86, p 2.)

Our party can perform its function as an aware and organized vanguard of the working class and all working people only because it has the requisite compass, i.e. Marxism-Leninism as the theoretical foundation of its work, and because it is able to develop on this foundation the scientifically grounded strategy and tactics of our social development, creatively to apply the universally valid laws of the socialist revolution in accordance with our concrete conditions and requirements, and by means of the Party Program (which is in line with all essential requirements at the threshold of the new millennium) to provide guidance and leadership for the masses. The SED's policy, which serves the immediate interests of the working class and all working people, the party's consistent leadership performance and disciplined way of acting, the intensification of the trustful relationship between the party and the people--these are the key factors underlying the positive results achieved in the consolidation of Socialism, in the work done for the safeguarding of peace.

The strength of our Marxist-Leninist fighting alliance is determined by the ideological and organizational unity of its ranks, by its voluntary and conscious discipline, by the active and selfless work performed by all

Communists, by the Communists' close and trustful contacts with the working people, and by socialist patriotism and proletarian internationalism. (Footnote 2) (See "Statut der Sozialistischen Einheitspartei Deutschlands" [Statute of the Socialist Unity Party of Germany], Berlin, 1976, p 5.) Our party has learned from experience that it can keep moving ahead in regard to further development of the advanced socialist society only if it can make the masses understand its social strategy and if it is able to focus the creative actions of the Communists and all working people on implementation of this strategy.

In this regard, the basic units--as centers of the comrades' political activities and of trustful contacts with the working people--have been assuming more and more responsibility; for it is primarily through its basic units that the party exerts its guiding and organizing influence on all areas of social life. The basic units are the link connecting the party with all working people.

The SED Program states that "for every member and every candidate, the basic unit is the political haven in which he or she is rooted and which gives a decisive impulse to his militant life and work; its party-oriented. trustful, communist atmosphere makes him feel at home and keeps giving him strength." (Footnote 3) ("Programm der Sozialistischen Einheitspartei Deutschlands" [Program of the Socialist Unity Party of Germany], Berlin, 1976, p 69.) Here the comrades take part in the discussions concerning party policy and in implementation of the party's resolutions; here they can exercise the rights and discharge the obligations established in the SED Statute. It is above all as a result of the basic units' activities that the party's strength and influence have been increasing.

What are the key criteria for assessing the party collectives' fighting strength?

The results achieved in implementing the resolutions of the 11th SED Congress are the main criterion of a party collective's fighting strength. It is above all through the Communists' active, exemplary work, through persuasion of the masses and through their immediate participation in the tasks to be accomplished that the party attains its political objectives. It is imperative that the party collectives be able--in keeping with their specific responsibility and in collaboration with the working people--satisfactorily to carry out the tasks set by the Party Congress in regard to the consolidation of Socialism and the safeguarding of peace and to make these tasks the standard in all work collectives. Of crucial importance in this respect are a high degree of effectiveness of the political-ideological work, the cornerstone of party work, and the development of close, trustful relations with all working people. To ensure success, one must first of all convince the people of the necessity of the tasks set, bearing in mind Lenin's instruction: "...the more radical the reorganization we want to accomplish, the greater must be our effort to awaken interest in it, to foster an aware attitude toward it, and to convince millions and ever more millions of people of this necessity." (Footnote 4) (W.I. Lenin, "Eighth All-Russian Soviet Congress," in: "Werke" [Works], Vol 31, Berlin, 1959, p495.) The way the comrades are informed about the party resolutions, the way they are enabled--

by means of convincing arguments--to make the working people fully understand the course and the goal we are pursuing in close fraternal alliance with the CPSU and the Soviet Union--firmly rooted in the socialist community--and the way the Communists lead their fellow workers in all activities--all this reflects the quality and effectiveness of the party's work.

The fighting strength of a party organization also depends whether it is able to translate into action political-ideological convictions so as to obtain top results on our main battle-ground--integration of economic and social policy. It is crucially important in this regard to orient the party work toward development and large-scale application of key technologies, to set up and evaluate leadership models, and quickly and effectively to introduce the best results into all collectives. This includes training and education of cadres, intensification of the party's influence in the key combat sectors so as to ensure peak performance in peak periods, and stimulation and development of the working people's inventiveness and innovative spirit.

Thus, high demands are being made on the fighting programs of the basic units. As instruments of leadership in the implementation of the resolutions adopted at the Party Congress, the units have to prove their worth on a higher qualitative level: They have to define the contribution to be made in their own sphere of responsibility and they must direct all political leadership measures toward creating the political-ideological and organizational conditions necessary for obtaining top results. Consequently, it is necessary on a daily basis to assess a party organization's effectiveness in terms of all-round fulfillment of the plan targets, including the commitments to systematic overfulfillment.

This is closely connected with the improvement of analysis, of planning, and of the results produced in the basic units' commissions, work teams, and action groups. The objective of all activities is to deal with the new problems, to tap reserves by means of well-organized exchanges of experience and performance comparisons and thus to overcome unjustified differences in regard to performance levels.

The party organizations' fighting strength always derives from a qualitatively high level of intra-party life. This includes informative and stimulating general meetings, active involvement in the party groups, personal contact between leaders and comrades, and systematic Marxist-Leninist education and advanced training. The effect of intra-party life is reflected above all in the collectives' capacity to act, in their charisma and in their close contact with non-party working people. To a large extent, this effect on whether it is possible on the basis of the Party Statute and the Party Program to further ideological steadfastness, motivation, and conscious discipline.

An important aspect of substantive intra-party life is concreteness in regard to explanation of the party resolutions, definition of the party collective's specific responsibility concerning implementation, assignment of party tasks in accordance with the comrades' respective qualifications, and supervision and rendering account of project implementation. This implies utilization of the comrades' wealth of practical experience, consideration of their proposals, pointers and criticism, and--if possible--immediate implementation.

Such an intra-party life--in an atmosphere distinguished by millitance, mutual trust, and comradely support--is a crucial prerequisite for the party organizations' charisma and for creating in the work collectives an atmosphere conducive to development of the working people's abilities and talents in the interest of social progress.

To a large extent, a party organization's fighting strength depends on systematic cadre selection and training, on the cadres' fighting spirit, their creative restlessness, their ardent desire for innovation, and their confidence in the working people's strength. The new standards the Party Congress established through its ambitious projects require above all a higher degree of work complexity and a far-sighted, flexible response to new problems. As Comrade Erich Honecker emphasized, this presupposes "the willingness and ability of the Communists and of the responsible leaders to accommodate themselves to new situations, not to persist in old habits, but actively and creatively to seek adequate solutions, not to temporize in the presence of new problems, but to submit proposals aimed at solving these problems. This is the style of working we urgently need." (Footnote 5) ("Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED" [Report of the SED Central Committee to the 11th SED Congress], Berlin, 1986, p 27.)

Of crucial importance in regard to the cadres' effectiveness are the following factors: Unconditional fidelity to the resolutions adopted, consistent implementation of all of the tasks set, and full discharge of the responsibility given them. Top performance of the collectives presupposes initiative, persuasiveness, and organizing ability. The experience gained so far shows that the leading cadres' political and technical skills, leadership faculties, ways of acting, and their ability to discuss and solve the problems in collaboration with the working people are are becoming increasingly important for economic growth and social progress.

Class-oriented consolidation of the party's ranks, systematic control of its composition, distribution of the party's forces in accordance with the respective points of main effort, and safeguarding of the party's influence in all work collectives--these are some of the key factors underlying the party organizations' fighting strength. In keeping with the orientation of the 11th Party Congress and with the Leninist principle of individual selection and recruiting of new fighters, the party's growth continues to be based on qualitative factors. The primary objective is to recruit as candidates those young cooperative farmers, young workers from the youth brigades and research collectives, and young members of the intelligentsia who have excelled in creative implementation of the party's strategy, who have proved their ability in the Socialist Youth League, and who on account of their class-oriented attitude, good work results, and discipline command great respect in their collectives.

Thus, fighting strength of the party can be defined as follows:

--The sum total of the Communists' activities in the basic units that are performed with the object of implementing the resolutions adopted at the 11th Party Congress; safeguarding of the party's influence, above all in the

centers of the working class and in those areas that have the greatest effect on the economy's dynamic growth;

--committed, exemplary action of the party collectives on the main battleground--integration of economic and social policy--so as to tap and exploit all intellectual and material resources in the interest of all-round strengthening of the GDR, safeguarding of peace, and systematic improvement of the people's material and cultural standard of living;

--the collectives' political-ideological and organizational ability to mobilize the working people toward implementation of the party's policy and fully to develop their creative faculties;

--class consciousness and ardent advocacy of the party's basic principles wherever comrades work and live in a social framework--in accordance with the time-tested principle: "Where there is a comrade, there is the party;"

--consolidation of the fraternal alliance with the party and country of Lenin; intensification of the friendship and cooperation with all socialist states; consolidation of the Warsaw Pact and CEMA alliance through steady fulfillment of all obligations;

--the party collectives' realistic response to all problems the people are concerned about; a high degree of class consciousness; militant opposition to all manifestations of the ideology and policy of Imperialism;

--ensuring qualitative growth of the party's ranks, above all by recruiting the most aware production workers and cooperative farmers and by enlisting new comrades-in-arms from the Socialist Youth League.

It is imperative that all of these factors be brought into play even more effectively so as to ensure increasingly strong leadership by the party in regard to implementation of the resolutions adopted at the 11th Party Congress and to translate the great confidence the working people place in the party's policy into actions strengthening Socialism and peace.

8760
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POLITICS, ECOLOGY INTERRELATIONS DISCUSSED

East Berlin DEUTSCHE ZEITSCHRIFT FUER PHILOSOPHIE in German Vol 34 No 10, Oct 86 (signed to press 1 Jul 86), pp 894-903

[Article by Dr Guenther Bohring, of the Department of Marxism-Leninism at the "Carl Schorlemmer" Technical College in Merseburg, and Dr Helmar Hegewald, of the Philosophy and Cultural Sciences Department at the Dresden Technical University: "Ecologically Responsible Action in Socialist Society"]

[Text] Implementation of socialist ecopolicy, which is an integral part of economic, social, and peace policy, calls for ecologically responsible action on the part of all citizens. The SED Program states: "It is necessary to protect nature, the source of life and material wealth and of man's health and joy, and to utilize it economically, on a scientific basis, so that it can contribute to a happy and secure life of coming generations in the Communist society." (Footnote 1: "Programm der Sozialistischen Einheitspartei Deutschlands" [Program of the Socialist Unity Party of Germany], Berlin, 1976, p 26.)

Between the requirements concerning safeguarding of peace, intensively expanded reproduction, cultural development, elimination of unhealthy work stations, wholesome nutrition, meaningful leisure time activities in the city and in nature, and--on the other hand--personal commitment to the conservation, maintenance, and development of the natural or man-made work and leisure time environment, there are complex interconnections. For the individual citizen, however, perception of these interconnections--and correct perception of the interdependencies involved--is by no means a simple, automatic process. That the basic political, economic, and social interests of the workers, cooperative farmers, intelligentsia, and other working people include the interest in maintenance and humanistic development of the entire environment and that in socioeconomic and class terms they actually create it--this cannot be grasped empirically; it can only be perceived on the basis of socialist ideology. The scientific world-view of the working class is the theoretical and methodological basis of an ideologically grounded attitude that views nature "as the source of life, material wealth, health, and joy" and thus stipulates a caring approach toward it.

Socialist Ecological Awareness as an Element of Intellectual Life

Conscious reflection on the interrelations between socialized individuals and their natural or man-made work and leisure-time environment and the various strategies for conserving, protecting and shaping this environment will be tentatively called here "ecological awareness." (Footnote 2: Even though the concept of socialist ecological awareness had been introduced into the philosophical discussion years ago, its subsequent elaboration was not sufficiently systematic. See A. Erck, "The Fostering of Socialist Ecological Awareness at GDR Universities," WISSENSCHAFTLICHE ZEITSCHRIFT DER HOCHSCHULE FUER ARCHITEKTUR UND BAUWESEN WEIMAR No 5/6, 1978.) It goes without saying that we consider abstract discussion of "socialist ecological awareness" to be pointless. In our view, it is more important to examine the numerous phenomena that reflect--in the socialist society's intellectual life--the knowledge, goals, wishes, and problems concerning control of nature and shaping of the environment. Ecological awareness can be considered a facet of social and individual consciousness. Basically, it always is a reflection of the socioeconomically based interaction of nature and society, an interaction that always takes the form of transformational activity, i.e. for the most part production work. In terms of class or society, ecological awareness thus is by no means neutral. Socialist ecological awareness represents a constituent part of socialist ideology. It does not derive from a contemplative world view (which at best results in "ecological protest"): Rather, it springs from the revolutionary practice and scientific world view of the working class and is oriented toward optimal forms of control of nature.

Regarding the complexity of socialist ecological awareness, one must take into consideration the following aspects:

First: Socialist ecological awareness is awareness of problems, i.e. it perceives the contradictory effects and shortcomings of activity affecting the natural environment, above all of production work. It reflects the dialectical determinedness, logic, and historicity of environmental problems; consequently, it can only be developed and conveyed on the basis of concrete knowledge and objective information. Second: Socialist ecological awareness is political and economic consciousness, i.e. it perceives the social and economic motivations and interests of real social individuals as well as their attitude toward the problems concerning the metabolic development of man, nature, and society. Third: Socialist ecological awareness also represents a sense of justice, insofar as it is directed toward elaboration of scientifically, politically and sociopolitically grounded legal regulations (but also if it serves to uphold and enforce presently effective laws). Fourth: In a high degree, socialist ecological awareness is moral consciousness, i.e. it develops norms and values that are concerned with the natural foundations of life and with man's interaction with his total environment. It is toward these norms and values that ecologically responsible action is oriented; they are basic motivational factors. Fifth: Socialist ecological awareness comprises a sense of esthetics, i.e. it assesses environmental quality by a scale of values ranging from beauty to ugliness. It reflects both the harmonious and the inharmonious elements of man's interaction with nature and it represents an important aspect of the

overall approach to life. Finally, one should always bear in mind that socialist ecological awareness and the socially relevant actions based on it spring from emotional as well as rational sources. This awareness strongly reflects the humanistic nature of Marxist-Leninist ideology.

These theoretical considerations are not supposed to be an exhaustive philosophical definition of socialist ecological awareness; rather, they are meant to be reference points in the process of identifying--in terms of concrete research--the phenomenon of a complex of thought, planning, and action that is oriented toward conservation, maintenance and qualitative improvement of the environment. In this connection, it is quite evident that it is not only in the socialist society's intellectual life and everyday concerns or in the political, scientific-technical, and economic decision-making processes that the problems concerning man's interaction with nature have assumed great significance, but that they are being discussed all over the world and that to a large extent this discussion still is marked by bourgeois-imperialist, petty-bourgeois and other types of non-Marxist ideology. In some capitalist countries, research on ecological awareness in specific segments of the population has been conducted for a long time; while it naturally helps to produce inside knowledge benefiting the imperialist state, this research also reveals the desire for democratic solutions and alternatives on the part of large population groups. (Footnote 3: See "Present State and Changes in Ecological Awareness in the FRG, England, and the United States," Internationales Institut fuer Umwelt und Gesellschaft des Wissenschaftszentrums [International Institute for Environment and Society, Science Center], West Berlin, 1984.) In Socialism, social policies and environmental planning form an integral whole. (Footnote 4: See A. Kosing, "Socialist Society and Nature," DEUTSCHE ZEITSCHRIFT FUER PHILOSOPHIE No 5, 1986.) Today, to reflect on the safeguarding of peace as the basic principle of sensible ecopolicy, on intensively expanded reproduction and the resulting possibilities concerning reduction of toxic waste, on efficient resource utilization, landscape beautification, and ways of participating--during both working and leisure hours--in solving concrete problems concerning ecoplanning and environmental protection is an important aspect of socialist consciousness. Consequently, philosophers and representatives of other scientific disciplines are focusing their attention on questions that are concerned with the origin, development, content, and effects of socialist ecological awareness and that help properly to integrate it in the socialist society's intellectual life. Regarding specific problems, we will first discuss the interconnection between socialist ecopolicy, reproduction process, and humanism, which we consider to be the main element of present-day socialist ecological awareness. Socialist Ecopolicy, Intensively Expanded Reproduction, and Humanism

Any attempt to solve environmental problems is bound to be of no avail, if the basic prerequisite for any environmental policy is lacking: Preservation of peace. Socialist environmental policy is primarily peace policy. Respect for nature and cultural values, i.e. civilization, begins with respect for life and its essential prerequisites. Today prevention of a nuclear inferno is the primary concern of sensible environmental policy. Our ecological awareness is oriented primarily toward safeguarding of peace. And conversely: The socialist states' peace-, arms control- and disarmament-oriented policy is

humanistic not only because it serves the conservation of the environment, but because its objective, general disarmament, opens up the possibility--through release of material resources and scientific capacities--to raise the living standard of the socialist countries' citizens, speed up the development of the material-technical basis of Socialism, more consistently to tackle--on both the international and the national level--the most acute problems concerning environmental protection and help the developing countries to solve their social problems. (Footnote 5: See F. Castro, "Die oekonomische und soziale Krise in der Welt" [The Global Economic and Social Crisis], Dresden, 1983, p 221.) The three-stage disarmament program proposed by M. Gorbachev, implementation of which would rid the earth of weapons of mass destruction by the year 2000, is a realistic approach to these objectives.

It is not only Socialism's characteristic peace policy which provides a clear, promising starting point for environmental policy: The objective social foundations, driving forces, and laws of the socialist society give rise to the requirements, tasks, possibilities and special characteristics of socialist ecodevelopment, all of which are reflected in the responsible actions of the masses. The socialist production relations are the key factor in this regard. They are the driving force and prerequisite for the qualitative reshaping of the entire material-technical production basis.

In consequence of the scientific-technological revolution, the socialist society has entered a historically new stage of its interaction with nature. Owing to the great intensity of the exchange of material, energy and information, there have arisen new contradictions as well as new forms of old contradictions. These contradictions include the following: The contradiction between (absolutely as well as relatively) limited resources and the increasing demand for raw materials and primary energy sources; the contradiction between freshwater availability and demand (in terms of water resources, the GDR is the poorest country in Europe); the contradiction between an improved standard of living and increased environmental pollution resulting from production and consumption waste (pollutants, toxic agents, refuse, etc.). It is necessary to transform the contradictions in a specifically socialist way so as to enable us and future generations to lead a rich, happy and healthy life.

The positive results of our environmental policy confirm the correctness of our materialistic and dialectical approach to the processes of control of nature. The historical starting point was the victory over German fascism in May 1945. The radical transformation of all material and intellectual foundations of society that took place in the then Soviet zone of occupation, the clear affirmation of peace, the socialization of production under the political leadership of the Communists, the democratic land reform, the reform of the entire education system, and the socioeconomic policy oriented toward improving the living standard of the working people--these concrete measures (in conjunction with the antifascist-democratic upheaval) created the conditions necessary for efficient exploitation of the natural resources and for the development of an environment fit for human beings. The KPD appeal of 11 June 1945--which called for liquidation of large-scale land holdings, transfer of land and equipment to working farmers, and transfer of deserted enterprises and enterprises producing essential goods to democratic

administrations--aimed to bring about efficient social utilization of available production capacities, land, and other natural resources.

Within the framework of this article, it is not possible to discuss in detail the positive results of the GDR's socialist environmental policy. We can merely point out a few significant measures concerning environmental improvement that have been taken since the Eighth SED Congress. The industrial, energy, and mining sectors in particular have made significant contributions to environmental protection. The volume of recycled industrial waste increased from 30 to over 37 percent; air pollution by dust particles decreased by more than 30 percent, and due to efficient use of energy, pollution by sulfur dioxide remained at the same level. The volume of industrial waste water channeled into public waters was reduced by over 12 percent. All these and other measures were accompanied by a considerable increase in industrial commodity output. By reclaiming more than 29,000 hectars of open-pit lignite mining land and by protecting rare animal and plant species and biotopes, the GDR is making an--internationally acclaimed--contribution in accordance with the United Nations' world conservation strategy. (Footnote 6: See International Union for Conservation of Nature and Natural Resources, "World Conservation Strategy," Gland (Switzerland), 1980.) The GDR produces approximately 450 types of industrial waste (annual volume approximately 70 million tons). Through intensification of production, reduction of production consumption and production waste, improvement of raw material management and of utilization of secondary raw materials, it was possible in 1983 to recycle 26 million tons of industrial waste, i.e. the equivalent of M 5.2 billion worth of raw materials.

The objective of socialist ecological policy is increased freedom, social security, a happy, cultured way of life for all citizens, and ever better control of nature, including human nature. In the interaction involving society, man and nature, socialist humanism represents efficient utilization of natural resources under conditions "most befitting and adequate to human nature.." (Footnote 7: K. Marx, "Das Kapital" [Capital], Vol 3, in: "MEW" [Marx-Engels, Collected Works], Vol 25, p 828.) Humanism means to minimize the time, power, energy, raw materials, and communication effort expended on exploitation of nature with the object of developing and meeting the citizens' diverse needs, abilities, productive faculties, and enjoyment. Socialist ecological awareness is oriented toward ensuring human dignity, for environment means this: The world that people--as members of a community--take control of through their actions. In and through this world man becomes a socialist personality.

The realization that it is only through comprehensive intensification of the entire economic reproduction process that the interaction between socialist social development and the natural environment can be shaped in a harmonious way benefiting either side is the basic theoretical element of the working people's joint, ecologically responsible action. Comprehensive intensification means above all efficient utilization of resources (water, soil, air, forest), efficient use of energy, implementation of refining processes and of key technologies, e.g. bio- and ecotechnologies, which--while improving labor productivity and reducing input of manpower, energy, and raw materials--cut or even prevent environmental damage. The production

intensification measures decreed at the 11th SED Congress also aim to ensure long-term development of humane interaction between the socialist society and nature. (Footnote 8: See "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED. Berichterstatter: E. Honecker," [Report of the SED Central Committee to the 11th SED Congress, Delivered by E. Honecker], Berlin, 1986, pp 48 ff.)

Masters of Nature--Masters of Their Own Socialization

In his "Anti-Duehring," Friedrich Engels says about Socialism/Communism: "The complex of living conditions people have to deal with (a programmatical formulation of Engels' concept of 'environment'--the authors), which so far has been controlling them, is now being subjected to human control. For the first time, people actually and consciously control nature, because they control their own socialization." (Footnote 9: F. Engels, "Mr. Eugen Duehring's Rearrangement of Science," in: "MEW" [Marx-Engels, Works], Vol 20, p 264.) Engels thus provides a methodological approach toward determination of a "key link" in the development of socialist ecological awareness: The processes of socialization, work and production, and productive control of nature. In answering the question as to what constitutes the specifically socialist element of socialized, productive control of nature, its resources, riches, and beauty, he points out political, ideological, and organizational-practical leadership processes that leave their imprint on socialist ecological awareness and socialist ecological morality.

The socialized exploitation of nature--embodied in the fundamental economic law of Socialism--is the basic process of socialist control of nature. A key aspect of intensively expanded reproduction is the intensive social utilization of the natural environment:

1. With regard to utilization of natural resources, every person involved in such utilization enters into social relations with all of the other users. For all users to be able to satisfy their demand, the individual combine, enterprise, collective, or director has to realize what must be done to keep the natural resources (including ecosystems) from getting impaired or destroyed, to maintain them and to improve their stability and productivity. (Footnote 10: H. Roos and G. Streibel, "Umweltgestaltung und Oekonomie der Naturressourcen" [Environmental Planning and Natural Resource Economy], Berlin, 1979, pp 142 ff.)

2. The individual users (i.e. economic units, combines, enterprises, etc.) exploit nature in accordance with operational plan norms and efficiency criteria, which are not identical with economic efficiency. Thus, it is a task of political and ideological leadership to ensure that overall social planning and complex efficiency calculation take priority over the interests of individual enterprises so as to establish the unity of overall social and individual interests that is appropriate to Socialism; and accomplishment of this task demonstrates and discharges the responsibility for the whole.

3. Socialized utilization of nature also means conscious control of the socialization of raw material production and utilization. Socialist economic integration within the framework of CEMA programs makes allowance for this requirement. The political-moral principle of socialist internationalism--reflected in joint exploitation, joint investment, and joint utilization of raw materials by the socialist countries--is oriented toward an exploitation of nature adequate to Socialism.

4. It is obvious that on account of conventional technologies the "socialization" of pollution (air; water as means of dilution and transport) will continue for a long time. Via food chains, these technologies also affect people's health. In view of these interconnections, greater reponsibility is called for in regard to observation of norms and limits prescribed by law. Exemplary provisions concerning further development of environmental control and observation of the legal regulations are contained in the Decree on State Environmental Control which went into effect in 1985. (Footnote 11: See "Decree on State Environmental Control of 12 June 1985," GDR GBL [Legal Gazette], Part I, No 19.)

5. Multiple and multi-purpose utilization of natural resources necessitate more consistent recourse to the strong points of Socialism. Socialist ownership makes possible and calls for complex utilization of the natural resources in a particular area by means of regional user cooperatives. New forms of collectivity are arising here. In connection with the rehabilitation of the Elbe River, for example, the operational limits of enterprises that are part of the shared utilization project are being exceeded, for the objective is to observe common socioregional interests--to solve the complex water-management problem of combining water utilization, the recycling of valuable waste, and the safeguarding of the water resources with ensuring a stable supply of drinking water, which in turn is of crucial importance for solving the housing problem. In the process of solving such problems, the cooperation partners--led by the party of the working class--develop the ethos of socialist cooperation, which stipulates that this cooperation be based on high-level technical achievement; it also implies conviction of the cooperation's social utility and of a positive outcome of the risks taken. (Footnote 12: See H. Hegewald, "Professional Ethics of Engineers--the Driving Force of Humane Development of Scientific-Technological Progress in Socialism," DEUTSCHE ZEITSCHRIFT FUER PHILOSOPHIE No5, 1984.)

6. Organization, planning, evaluation and management of exploitation of nature are not identical with commodity production. Today, the commonality of interests of different economic and production sectors, which is based on joint, efficient utilization of natural resources, reflects the political and moral unity of different users of nature under Socialism. Socialist, efficient, and socialized exploitation of nature comprises the entire reproduction process--from production and distribution to consumption--and also the systematic recycling and restoration of waste products. (Footnote 13: See G. Streibell, "Economic Growth, Environmental Protection, Intensively Expanded Reproduction," in: "Humanismus in den Kaempfen unserer Zeit" [Humanism in the Struggles of Our Time], Sixth GDR Philosophy Congress (Minutes), Berlin, 1985, pp 180 ff.) These requirements of the production sector are met through relatively closed material use cycles and waste-free

technologies. Complex society-wide collection of secondary raw materials--collection by the population as well as by enterprises--is socialized exploitation of nature in production, local politics, and private consumption. For every citizen, quantity here turns into quality. Socially organized personal initiative concerning obtainment of secondary raw materials is at once socialist democracy and socialist morality.

7. Socialized consumption, above all efficient use of consumer goods, likewise offers many possibilities of reducing waste of natural resources and living labor. This presupposes a deeper understanding of cultural progress. Cultural advances are made possible and necessitated by reasonable utilization of natural resources. Production culture and distribution and consumption culture form an integral whole. Culturally sophisticated products can further a consumption distinguished by economy and cultural awareness. Thus, solidity, beauty, and functional design enhance the enjoyment of beauty and encourage economical use of natural materials. Efficient distribution and economical consumption habits greatly help to translate maximum agricultural output into an ample food supply for the domestic consumer.

Encouragement of Ecologically Responsible Action in Industrial Combines

Considering that socialist ecological awareness develops best wherever the working people participate directly in the comprehensive intensification projects defined by science and technology, one notes that large-scale industrial combines play an important part in this respect. Their responsibility and their capacities concerning ecologically responsible action have not nearly been fully tapped. This is not a matter of taking into consideration an additional or separate task; rather, the goal is to develop socialist ecological awareness as a mental driving force for further improvement of performance on the basis of intensification. Erich Honecker emphatically pointed out that "it is not by accident that in our economic strategy utilization of science has top priority." (Footnote 14: E. Honecker, "Comments on the Preparations for the 11th SED Congress," in: "10. Tagung des ZK der SED" [Tenth Session of the SED Central Committee], Berlin, 1985, p 38.) In the final analysis, all significant changes in the material-technical basis of production, the momentous processes involving modernization and reorganization or working conditions and means of work are based on scientific-technological advances; such advances also contribute to the development of technologies that will help us to reduce environmental damage.

Thus, development and utilization of socialist ecological awareness in the work collectives, in research and development, and not least on the various levels of management in our industrial combines are inseparably linked with full understanding of the economic strategy. The positive results the industrial combines achieved during the 1981/85 five-year plan period in regard to stable economic growth, improvement of labor productivity, and increasing national income also were the basis for important results in the field of environmental protection and in regard to responsible utilization of natural resources. (Footnote 15: See E. Honecker, "Comments on the Results of the Geneva Summit Meeting," in: "11. Tagung ...," op. cit., p 34.) Through their own experience, above all experience gained in their work, working people have a good grasp of such interconnections. This experience is a

significant starting point for new, creative work, for generating intense motivation, and for systematically eliminating obstacles that are reflected in phenomena (directly or indirectly related to vague and insecure ideological positions) such as underestimation of economic and technical possibilities concerning reduction of environmental damage, unsufficient scientific understanding of technological processes, and conflicts between plan targets environmental protection tasks.

Production work performed in a spirit of ecological awareness saves resources, reduces pollution, protects the environment, and improves the working and living conditions. This is why socialist ecological awareness is a driving force in regard to improvement of economic performance. As a result of the orientation toward integration of product development and technological development, it is necessary scientifically to penetrate the entire reproduction process so as systematically to bring about--through production of new or improved articles on the basis of efficiency measures and advanced key technologies and processes--effects beneficial to the environment. Independent construction of rationalization equipment is "the crucial element of implementation of the scientific-technological results; it is the primary and--in many combines--crucial source of new equipment." (Footnote 16: H. Koziolek, "Integration of Science and Production," EINHEIT No 1, 1985, p 17.) It is therefore imperative that the political-ideological leadership develop the ecological awareness of the researchers, designers, planners, and workers with an eye to the tasks and possibilities of independent construction of rationalization equipment.

Socialist Ecological Awareness--Ecopolicy--Socialist Democracy

Environmental problems not only influence many aspects of the life process within a society and not only are they distinguished by complexity: They also affect and reflect thereby more or less important interests of concrete social individuals. This applies to interests of society as a whole, interests reflected, for example, in the laws, regulations, and activities of the socialist state and its organs, and it also goes for the interests of social classes, strata, and various groups (whose work and way of life entails certain requirements and demands for certain environmental conditions) and thus for the interests and positions of the individual citizens themselves, who are developing--as a result of varied experience and educational as well as ideological influences--a personal attitude toward problems concerning protection of nature and the environment. To be able to do justice to this complexity of social development and also fully to exploit the possibilities offered by this development, i.e. the possibilities concerning motivation, creative ideas, and effective action, we need a political "mechanism" that encourages ecologically responsible action and imaginative initiative and brings the goals of socialist ecopolicy (which are based on the social strategy of the Marxist-Leninist Party) in line with the interests of the various social sectors, of groups, collectives, and individuals.

As regards further improvement of socialist democracy, problems concerning environmental protection and planning are by no means separate tasks that somehow come up from "outside" and therefore must be accomplished through special measures or projects. A distinguishing feature of socialist democracy

is the fact that every person is in a position--both at work and in his or her leisure hours--to take part in the consulting, planning, and developmental work in this field. The creative participation of millions of citizens in the implementation of economic projects, of scientific-technological progress, and of measures concerning protection of nature, careful utilization of its resources, and conservation of flora and fauna is and remains an important aspect of all achievements. In our country, democracy is reflected in the fact that environmental protection and reasonable exploitation of nature are embodied in the constitution (Article 15 of the GDR Constitution), in the Law on State Culture and all the provisions based on it, including the specific decrees (e.g. Decree on Domestic Refuse, Decree on Noise Control, Decree on Air Quality Control, Decree on Waste Products, Water Management Law, etc.); for the entire field of environmental protection and state culture, these laws established exemplary and near-perfect legal clarity and unity. And this democracy is also reflected in the activities and contributions (toward implementation of socialist ecopolicy) of social organizations, of district, village and house communities, and of individual citizens.

In 1985, it was stated in regard to implementation of the 1985 economic plan that the "projects concerning protection of the environment and of natural resources" were "systematically continued" and that through "reduction of production input, efficient use of energy, water and raw materials, and increased recycling of waste products and waste water ... efficiency was greatly improved and further progress was made toward reduction of environmental pollution." (Footnote 17: "Announcement of the Central State Administration for Statistics in Regard to Implementation of the 1985 Economic Plan," NEUES DEUTSCHLAND, 18/19 Jan 86, p 4.) This statement refers to the millions of systematic measures taken by numerous collectives. These measures imply willingness even more consistently and seriously to deal with obstacles and infractions in this field. The public increasingly feels that carelessness in regard to observation of pollutant emission limits, violations of environmental protection laws, inappropriate handling of potentially noxious substances, and similar matters must no longer be treated indulgently. The Decree on State Environmental Control is another instrument for further developing democratic participation in full implementation of the objectives of socialist ecopolicy. (Footnote 18: See "Decree on State Environmental Control of 12 June 1985," op. cit.)

By contrast, in many capitalist countries the increasingly pressing environmental problems are exacerbating the traditional socioeconomic contradictions; they are giving rise to new ways of political and ideological protest and new forms of struggle against the all-powerful monopolies and the bourgeois state. Citizens' initiatives and ecological and environmental movements in the capitalist countries are a reflection of the conflict between the people and the power elite in the bourgeois state. They manifest the democratic forces' lack of power as well as their yearning for democratic alternatives, which ultimately must not be restricted to environmental questions, but must include all of the other important problems concerning social policy.

The entire education sector as well as social organizations such as the Chamber of Technology and the Culture League's Society for Nature and Environment play an important role in this respect. The days for improvement of the countryside, which in the last few years have been staged in many bezirks [GDR administrative unit], and the "Take Part in the Beautification of Our Cities and Communities" Campaign enjoy great popularity. Detailed information on regional environmental problems and strategies for solving these problems is a key factor in inducing the individual citizen to join in.

The time factor involved in control of nature is a very important point. Frequently, it takes a long time for the effects of our actions in the natural environment to manifest themselves. Just as we today are cultivating our forests with an eye to age structure, variety, density, cutting rate, and growth (one-hundredth per year), the generations 100 years from now will be using the forest as a reproducible and valuable material resource and as a means of recreation, and the forest will help them to develop their sense of aesthetics.

The environmental problems bring home the necessity of scientific forecasting. Every day, the future begins anew. To know the future is a basic prerequisite of ecologically responsible action. While it is difficult to predict long-term effects, such difficulties do not release us from the obligation to anticipate the future as accurately as possible so as to ensure that our present decisions and actions will stand the test of time. Historically unprecedented, the environmental problems point to the need for communistically far-sighted interaction with nature and thus to the living and developmental conditions of future generations. Regarding communist education, i.e. education toward communist morality, as V.I. Lenin put it, the key questions are the following: Are we morally prepared for dealing with present and future environmental problems? Will our present actions really meet our needs and the needs of the coming generations? Are we possibly living at their expense? Our responsibility, conscience, and duty--our whole present ethics--must safeguard the future, our advance toward this future. Ecological and technological findings force us to deepen and enhance ethical categories. Thus, the "economic" conscience of the workers, engineers, managers, and cooperative farmers will be in accord with the needs of the moment only if it is also ecologically grounded, i.e. if it bases all decisions and actions on consideration of long-term ecological effects. Ecologically responsible action in Socialism is a significant aspect of honest, conscientious, and socially useful work.

In "Capital," Karl Marx pointed out that the nations and societies are not the owners of the earth, but merely its usufructuaries; and they "are obligated as good patresfamilias to improve it before leaving it to the following generations." (Footnote 19: K. Marx, "Das Kapital," op. cit., p 784.) Marx thus formulated the moral imperative governing man's communist approach to nature; to us, this imperative serves as a guideline toward proper use of freedom.

8760
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SUMMARIES OF MAJOR EIHHEIT ARTICLES, SEPTEMBER 1986

East Berlin EINHEIT in German Vol 41 No 9, Sep 86 (signed to press 13 Aug 86) pp 770, 864

[Summary of article by A. Dobrynin; pp 780-790]

[Text] For a World Free from Nuclear Weapons--Toward the 21st Century

Implementing the resolutions of 27th CPSU Congress, the foreign policy of the Soviet Union dynamically, flexibly and creatively takes into account the realities of a rapidly changing world. What are the basic aspects of the requisite new political outlook, the first results of which are reflected in the declaration of 15 January 1986, in the documents of the 27th Party Congress and in the subsequent Soviet proposals? What contribution can and must the scientists make?

[Summary of article by Dr Herbert Krolikowski, member of the SED Central Committee, state secretary and first deputy of the minister of foreign affairs; pp 791-797]. A full translation of this article is published in this report]

[Text] The Peace Strategy of the Socialist Community--In Keeping With the Requirements of the Time

The states of the socialist community have submitted a complex program based on equality and equal security of all sides; it comprises constructive negotiation proposals and possible solutions in regard to all questions, a positive response to which is a prerequisite for effective disarmament measures, elimination of the threat of war, and the safeguarding of peace. Side by side with the USSR and the other fraternal states, the GDR is actively contributing to the implementation of this peace concept which is in accordance with the basic interests of mankind.

[Summary of article by Dr Manfred Uschner, deputy department head of the SED Central Committee; pp 798-803]

[Text] Joint Security and Extensive Cooperation--Basic Interests of the Nations of Europe

Stable peace is the first and most important prerequisite for our country's continued existence. The threat to Europe resulting from the aggressive policy of the United States and--on the other hand--the constructive, disarmament- and cooperation-oriented Europe policy of the socialist states have given a strong impulse to the joint struggle of the nations against imperialist reaction and the nuclear threat and have also induced social-democratic and certain bourgeois circles in West Europe to develop realistic ideas in regard to security policy.

[Summary of article by Dr Klaus Gaebler, department head of the SED Central Committee; pp 807-813]

[Text] Party and Mass Propaganda at the Qualitatively New Stage of Development of the Advanced Socialist Society

The significance of convincing, realistic party and mass propaganda in regard to implementation of the resolutions adopted at the 11th Party Congress. The growing importance of the Marxist-Leninist worldview as the foundation of revolutionary action. What are the current objectives of the party schools? What specific contribution can the party instruction period make to enhance the fighting strength of the party organizations? What are the characteristic features of URANIA's instruction mandate? Higher demands imposed by the party organizations on the systematic guidance and organization of propaganda work.

[Summary of article by Olaf Horlacher, political science diplomate, member of the political staff of the SED Central Committee; pp 814-819]

[Text] Tenth Congress of the Polish United Workers Party Initiated New Stage of Socialist Construction in the People's Republic of Poland

The Polish Communists appraise the results of an extremely difficult stage of consolidation and stabilization in the life of both the Party and the country--basis for planning the further development in all areas of social life and for an active contribution to the struggle for peace. What priorities were established in regard to the struggle for further enhancement of the Party's fighting strength and leading role?

[Summary of article by Peter Schubert, political science diplomate, member of the political staff of the SED Central Committee; pp 820-824]

[Text] Far-Reaching Resolutions of the Yugoslav Communists' 13th Party Congress

What objectives and what methods of solving current and future social problems were adopted at the 13th Congress of the League of Communists of Yugoslavia which convened during a complex developmental phase of the country? The struggle for world peace and equality-based international cooperation--main focus of the international activities of the Yugoslav Communists and the Socialist Federal Republic of Yugoslavia--activities based on the principles of nonalignment.

[Summary of article by Gerhard Tautenhahn, member of the SED Central Committee, minister for construction of general machinery, agricultural machinery and vehicles; pp 825-830]

[Text] Automation--Progress and Tasks

The economic strategy of our party is strongly oriented toward flexible automated production systems. What conditions are required for introducing automation processes in all combines? What are the main criteria for automations systems? In the initial planning stages of such projects, what are the tasks of the party organizations of combines and enterprises? These questions may be answered on the basis of the experience gained in the field of construction of general machinery, agricultural machinery and vehicles.

[Summary of article by Dr Klaus Ahrends, research department head of the Institute for Political Economics of Socialism at the SED Central Committee's Academy for Social Sciences; Prof Dr Harry Reimann, director of the SED Central Committee's Liebenwalde Institute for Socialist Economic Management and Social Development in Agriculture; Prof Dr Klaus Schmidt, director of the Institute for Agricultural Economics at the GDR Academy of Agricultural Sciences; pp 831-838]

[Text] Implementation of the Economic Strategy in Our Socialist Agriculture

Having attained good results, our socialist agriculture is ready to meet the demands arising from the Party's economic strategy developed with a view to the year 2000. What problems have to be solved so that agriculture can be transformed into branch of applied science? What has to be done to improve labor productivity and basic assets economy, further to consolidate the state farms and agricultural production cooperatives, and to intensify cooperation?

[Summary of article by Prof Dr Hans-Georg Mehlhorn, professor of educational psychology at the Leipzig "Felix Mendelssohn Bartholdy" Mucic Academy; pp 839-845]

[Text] Orientation of the 11th SED Congress toward further development of a creative atmosphere in all social areas; resulting consequences in regard to the development and utilization of education and learning capacities. What is the correlation between the development of individuality in creative personalities and the improvement of productivity in the work collective? How can one improve the creative cooperation between young and older colleagues?

[Summary of article by Prof Siegfried Schiller, deputy director of the Manfred von Ardenne Research Institute; pp 846-849]

[Text] Guidance and Motivation

What are motivating factors underlying the activities of an individual and what induces him or her to attain extraordinary accomplishments? What stimulates the scientist to work hard so as to produce outstanding results and to meet international standards? Pertinent findings of the Manfred von Ardenne Research Institute.

[Summary of article by Klaus Hoepcke, deputy minister for culture; pp 850-855]

[Text] Literature Inspiring Progress

The GDR's socialist-realistic literature has always acknowledged its social mission, namely to awaken in man a revolutionary attitude toward reality. In view of the magnitude of present-day social tasks, how can it uphold this tradition in the effort to strengthen Socialism and safeguard peace? Summing up the results of the current development of literature, one realizes: As elements of artistic creativity, knowledge of socialist reality and firm ideological positions are more than ever essential prerequisites for works of literature such as are presently needed by our society.

8760
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PARTY IN MINORITY WITHIN LOCAL COUNCIL

Budapest PARTELET in Hungarian No 12, 86 pp 91-93

[Article by Csaba Homola: "The Growing Responsibility of Communist Council-Members"]

[Text] No matter what kind of social or economic problem we may be facing nowadays, in our search for causes we must start with the changed circumstances. Adapting to changes has become a significant aspect of our life. Thus, from time to time we must review the processes around us, so as not to be overwhelmed by changes, but rather be able to maintain control over them. From this point of view we should examine our activities within the councils, the duties and roles of communist council-members.

How is the council-member affected by the democratization of contact with his constituents? As a result of innovations in electing deputies and council-members -- the possibility of multiple candidates, wide-ranging familiarization with the candidates as persons, the outlining and discussing of their programs -- the population has been given a more meaningful chance to participate in the formation of local projects and in selecting persons who are most qualified to represent local interests.

In the course of my work, I sense day after day that people wish not only to utilize the right to participate in public affairs on election day, but also demand an increasing sense of involvement when it comes to all decisions affecting their lives. They want to know whether or not their opinions, needs and proposals are represented in the plans and decisions, and if the money produced or contributed by them is utilized in the most suitable manner. They expect the individuals selected by them to effectively represent their interests in the councils.

Reforms in council activities is also called for by the growing independence of district councils, which means much greater responsibility for the council-members in planning or the preparation, ratification and implementation of decisions. Nowadays, district councils receive a definite share of the "great central pot" of money -- which at times means a smaller amount than previously available -- and they must establish priorities among the often growing demands accordingly. The councils would like to spend more on community development (and where is the community that does not need more new stores,

classrooms, improved health-care facilities, road-repairs, enlarged telephone network, etc?), and thus they must seek out opportunities that would enlarge their own resources, the amounts contributed by local industries for community development purposes, and the contributions of the local residents. In my experience, familiarity with the residents' opinions, proposals and needs, and their active participation in these activities, are indispensable factors.

What could, and what should, communist council-members do in this complex, often contradictory situation? To express myself very concisely: they must implement the interests of their own communities, and utilize the points of view of their districts as well as that of the capital city, in accordance with the policies of the party. This sounds simple, but when we try to implement it, the multivariant nature of the tasks, and the nearly or completely un-resolvable nature of numerous tensions, become evident. Basically, council-members work in two areas that are closely related: among the population and within the bodies of the councils. In addition, they participate in the work performed by some of the councils' working committees.

The primary goal of my work with the people of my district is to become familiar with the problems, needs and views of my constituents. A council-member should know which expectations are justified and which are not. Even among the justified expectations there are some which cannot be realized within the foreseeable future, while there are those which can be realized within a short period of time. I must be able to determine this, and based upon this, I must be able to set up priorities. I must also undertake to explain, why some demands are feasible or not. At the same time, I must use concrete arguments and examples to explain the reasons behind the central decisions. On the other hand, I do not only compile the problems of the residents, but also regularly inform them about the goals and duties of the council, making them understand that these plans and decisions were made on the basis of their proposals and needs, and active community participation is necessary for executing them.

The other sphere of activity is the council, where -- inevitably -- the varying interests will surface in a sharp and often contradictory manner. Certain interest groups could develop, and it is natural that these will strive to represent their own preconceptions. Here, the council-member needs suitable arguments and a readiness to debate issues, as well as good political sense, so that each council-member realize that the interests of the entire district are more important then their own local interests. Indeed, it often happens -- because of the limited resources -- that the council can only choose the less negative of two rather unfavorable choices. In order to solve problems that touch the broad segments of the population, one must debate even on behalf of unpopular issues.

Participation in one of the council's working committees is also a great responsibility. Some of this (such as sitting on the committee allocating dwelling-units) frequently brings one face to face with the personal interests of individuals and the clash of these interests, and the council-member must be able to take a just and conscious stand not only in the abstract sense, but also on the basis of direct experience. This work is made more difficult by the fact that limited possibilities generally make it impossible to satisfy

all justified demands.

I try to meet the challenges outlined above using a variety of approaches. For instance, the discovery of interests, the collection of views and the mobilization of people can take place in the course of daily encounters with individuals, through members of residential committees, at residential meetings or council-member briefings.

In this district 36 percent of the council-members are members of the party. It is important for communist council-members to synchronize their opinions from time to time. There is no set formula, how often and on what issues this should take place: This should be determined by the actual problems of the district. However, it could hardly be questioned that communist council-members should meet at least twice a year. Generally, this is the interval during which issues calling for synchronization arise, but the formulation of unified position is also necessary for the realization of long-range goals.

In order to develop unified thinking and action, close cooperation with the party organs of the district is also indispensable. The district party organization is a fundamental basis, assuring that the small and large problems of the immediate community reach the council-members. With their experiences and the interpretation of local problems, members of the district party organization can be very helpful to the council-members, who cannot dispense with information from this source.

I would like to mention one example from recent events, in order to illustrate the importance of unity among communists in the councils. Prior to establishing the community development levies, we assembled the communists and synchronized our arguments. That we argued successfully is illustrated by the fact that 95.6 percent of our involved constituents voted for the introduction of the levy. In the interest of completeness, however, I must mention here that -- in spite of such high percentage -- there were numerous noteworthy opinions written on the sheets we distributed; most of them said that an action that touches people as closely as this one should only have been initiated with the concurrence of the residents, adding that we still have a lot to do in the sphere of gaining popular confidence.

One of the primary conditions for effective work is for the council-member to be constantly informed about central decisions, local opportunities, and the problems of the district's population. And, of course, this demands more than time: it also calls for suitable political sensitivity, diligence, judgement, and -- last but not least -- a talent for working with people.

In closing, I feel that I must mention family background, too. After all, council-members need the understanding of their families, since they are absent from home more frequently than those who do not perform any community work.

We gain strength to perform the many tasks when we witness the justification for our actions in the development and beautification of the community and the people's trusting handshakes and readiness to act.

12588
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ARBITRARY 'FREE SATURDAYS' NOTED, QUESTIONED

Warsaw RZECZPOSPOLITA in Polish 20-21 Sep 86 pp 1, 2

[Article by (kos): "Free Saturdays for Whom?--some rest at work, others slowly meet production plans. What does the law say?"]

[Text] Saturday, 20 September, should be a day free from work for employes of collectivized enterprises. This is as a result of an order by the minister of labor, wages and social affairs designating specific days, other than those falling on a holiday, free from work. Under this law, the next working Saturday will be on 27 September.

But how is it in reality? Here are some examples:

Production of antibiotics at the Tarchominski Pharmaceutical Plant "Polfa" this Saturday, 20 September, is proceeding at the same pace as it has during the week. The same holds true for the production of psychotropic and soporific drugs and insulin. These departments work around-the-clock and non-work days are determined by the schedule of the four work teams and not by a calendar. The workers receive an additional day off for working on a free Saturday. At the other production departments manufacturing the drug for immediate use, work is done in two shifts. On Saturdays employees work a normal schedule and on designated free Saturdays on either one or two shifts depending on the need. Romuald Szewczyk, assistant manager of production, commented that the nation-wide free Saturday calendar is used only in administration.

At the Wroclaw "Otis" Garment Plant where sports clothes for children, youths and adults are manufactured, the administration alone was interested in following the free Saturday schedule announced last December. Production departments work every Saturday of the year but only during one shift. Workers do not want to stay late at the plant on the next to last day of the week and, therefore, for their benefit, such a system was introduced, stated Ryszard Bogacki, member of the Workers' Council.

At the "Konstilana" Wool Manufacturing Plant in Aleksandrow Lodzki, free Saturdays are also forgotten about. Due to raw material shortages in the past, arrearages have arisen and the plant now is trying to make them up. On such days only those work who are essential in servicing equipment assuring transportation because double time is paid. Today the spinning room and part

of the weaver's shop are in operation. People work in one of three shifts which makes it difficult to fully adopt a calendar of free Saturdays. In order to assure that everyone receives an equal amount of leave, Director Piotr Kowalski says that on working Saturdays only two shifts are used. The administration works during this time.

At the Metallurgy Repair Enterprise in Katowice which does repair work for the entire Polish metallurgy industry, the designated free Saturdays have been adopted by the administration and by auxilliary services such as transportation and repair shops. Workers at jobs involving direct repair of metallurgical equipment work in three shifts. On every Saturday, regardless of whether it is working or free, and Sunday at least 50 percent of all employes are at work, so states the president, Wladyslaw Duda. If, for example, the large blast furnace at the ironworks generates 7,000 tons of pig iron then every hour saved in equipment repair has to be reckoned with and, therefore, for this reason, repairmen cannot allow themselves Saturday-Sunday rests. They also decide, to a certain degree, whether the metallurgy industry will exceed last year's production of 900,000 tons of laminated product.

Is this freedom in setting work and free days within the framework of the law? This question, posed by a RZECZPOSPOLITA journalist, was answered by Anatol Szurmak, director of the department of labor organization at the ministry of labor, wages and social affairs.

All collectivized enterprises use the same free day schedule for the current year set back in 19 December 1985 by the minister of labor, wages and social affairs. For example, the first three Saturdays of September are free while a working Saturday will fall on 27 September. The manager of a collectivized enterprise, having just cause, may, however, introduce other free Saturdays provided that a 42-hour work week or 38 other non-work days is maintained. Such discretionary powers exist as a result of an order by the council of ministers of 19 December 1985. That is to say, there cannot be more than 38 free Saturdays but there can, however, be less if such a need exists. Overtime is paid on such occasions. There is also a possibility of introducing a 9-hour work day with all Saturdays becoming free. This, however, can only be applied to individual workers or groups and not to the whole plant itself. The free Saturday law does not apply to the private sector or institutes and research-development centers.

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YOUTH RESEARCH INSTITUTIONS CONFER

Warsaw RZECZPOSPOLITA in Polish 16 Sep 86 p 2

[Article by AG: "Who are They? What do We Know About Them?--Youth in Light of Sociological Research"]

[Text] Such theoretical problems of the younger generation as their consciousness, social identity, and individuality have always drawn the attention of sociologists, educators, and psychologists. Numerous interpretations and a great differentiation of views held by scholars have also always been at issue as have discussions on young people's value system and socio-political attitudes.

There is no doubt, however, that a better understanding of the younger generation may give rise to a fuller exchange of research results and a discussion on the subject which would include not only scholars but also representatives having a direct interest, that is, with the young themselves. Such an occasion has been created by a 3-day all-Polish scientific conference under the banner of "Youth in light of sociological research" which began 15 September at Zaborowa, near Warsaw. The organizer of the conference is Warsaw University's central methodological institute for the study of political science with cooperation from the council of ministers' [URM' institute for the study of youth problems. Scores of scholars representing the country's universities, institutes and research centers studying the young and foreign guests will participate in the conference.

Reports on the theoretical problems of research on young people and the results of studies conducted on various subjects have been given in the course of the conference. For those academicians participating in the conference, these reports are a source of knowledge of the attitudes and values preferred by young people. This knowledge should certainly become useful to educators during their roles as teachers in schools of higher learning.

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